

 <b>Finance &amp; Audit Scrutiny Committee</b> <b>10 June 2014</b>		<b>Agenda Item No. 7</b>
<b>Title</b>	Review of Effectiveness of Internal Audit 2013/14	
<b>For further information about this report please contact</b>	Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk	
<b>Service Area</b>	Finance	
<b>Wards of the District directly affected</b>	Not applicable	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Standards Committee – 10 June 2013 (Annual Governance Statement 2012/13)	
<b>Background Papers</b>	Code of Practice for Internal Audit in Local Government in the UK 2006 (CIPFA) Service Plan 2012/13 (Finance) Audit Strategy 2012/13 to 2014/15 Internal Audit Manual Minutes of Internal Audit Team Meetings Monthly and Quarterly Progress Reports Performance appraisal documents Post-audit user questionnaires and satisfaction surveys.	
<b>Contrary to the policy framework:</b>	No	
<b>Contrary to the budgetary framework:</b>	No	
<b>Key Decision?</b>	No	
<b>Included within the Forward Plan?</b>	No	
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	N/A: no direct service implications	
<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	23 May 2014	Chris Elliott
Head of Service	23 May 2014	Mike Snow
CMT		
Section 151 Officer	23 May 2014	Mike Snow
Monitoring Officer		
Finance	23 May 2014	As S151 Officer
Portfolio Holder	23 May 2014	Councillor Cross
<b>Consultation Undertaken</b>		
Not applicable.		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision)</b> Not applicable.		

## **1 SUMMARY**

- 1.1 Forming part of the evidence for the Annual Governance Statement, this report presents the findings from the review of the effectiveness of the Council's internal audit for the year ended 31<sup>st</sup> March 2014. The Accounts and Audit Regulations 2011 require such a review at least once a year and presentation of the results to the committee designated to consider or approve the Annual Governance Statement. Accordingly, this report will be presented to Standards Committee subsequently and the Finance and Audit Scrutiny Committee is invited to address its views to that meeting.

## **2 RECOMMENDATION**

- 2.1 That this Committee considers the scope, method and outcomes of the review of the effectiveness of the Council's internal audit for the year ended 31<sup>st</sup> March 2014 and addresses its views to Standards Committee.

## **3 REASONS FOR THE RECOMMENDATION**

- 3.1 Regulation 6 of the Accounts and Audit (England) Regulations 2011 requires that:
- "A relevant body shall, at least once in each year, conduct a review of the effectiveness of its internal audit."
  - "The findings of the review ....must be considered, as part of the consideration of the system of internal control...by the committee (designated to approve the Annual Governance Statement)".
- 3.2 As its terms of reference include issues of an audit nature, this Committee should have reasonable opportunity to consider reports on the effectiveness of internal audit and direct its views to the Committee designated under Regulation 6.

## **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The only alternative option was not to undertake or report on the review of the effectiveness of the system of internal audit, which would almost certainly result in the Council being held in breach of its statutory obligations.

## **5 BUDGETARY FRAMEWORK**

- 5.1 Resources for maintaining and improving the effectiveness of the system of internal audit are covered under the existing approved budget and Internal Audit Plan.

## **6 POLICY FRAMEWORK**

- 6.1 The work of Internal Audit constitutes a key element in the Council's control environment which helps ensure that the Council manages its resources to achieve its objectives economically, efficiently and effectively.

## **7. THE REVIEW**

- 7.1 The review was conducted as an evidence-based assessment of compliance with the part of the CIPFA Code of Practice for Internal Audit in the United Kingdom 2006 that relates to the performance and effectiveness of the internal audit service.
- 7.2 Specifically, the assessment used Section 11 of the checklist contained in the Appendix to the Code. Compliance was rated against each of the criteria as full, partial or none with reference to evidence that could be produced to support the ratings.
- 7.3 Based on the above evidence, internal audit operates in an effective manner.
- 7.4 The checklist and the results of the review are set out as Appendix 1.
- 7.5 Although the Code of Practice no longer applies, being replaced by the Public Sector Internal Audit Standards, the Standards do not provide a comparable checklist that could be used for an effectiveness review. CIPFA has produced a Local Government Application Note in respect of the Standards and care has been taken to ensure that the relevant provisions are reflected in the checklist that has been used.