

 Finance & Audit Scrutiny Committee 10 June 2015		Agenda Item No. <div style="text-align: right;">6</div>
Title		Review of Effectiveness of Internal Audit 2014/15
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Service Area		Finance
Wards of the District directly affected		Not applicable
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006		No
Date and meeting when issue was last considered and relevant minute number		Finance & Audit Scrutiny Committee – 10 June 2014 Standards Committee – 9 September 2014
Background Papers	Accounts and Audit (England) Regulations 2011 Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2007) Delivering Good Governance in Local Government: Framework (Addendum) (CIPFA/SOLACE 2012) Delivering Good Governance in Local Government: Framework and Guidance Note for English Authorities (CIPFA/SOLACE 2012) Internal Audit Reports Public Sector Internal Audit Standards Post-audit client questionnaires and satisfaction surveys Code of Practice for Internal Audit in Local Government in the UK 2006 (CIPFA) Service Plan 2014/15 (Finance) Internal Audit Strategy and Plan 2014/15 to 2016/17 Internal Audit Manual Minutes of Internal Audit Team Meetings Monthly and Quarterly Progress Reports Performance appraisal documents Post-audit user questionnaires and satisfaction surveys.	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	N/A: no direct service implications

Officer/Councillor Approval		
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).		
Officer Approval	Date	Name
Chief Executive	27 May 2015	Chris Elliott
Section 151 Officer	27 May 2015	Mike Snow
Monitoring Officer	27 May 2015	Andrew Jones
Finance	27 May 2015	As S151 Officer
Leader of the Council	27 May 2015	Councillor Mobbs
Portfolio Holder	27 May 2015	Councillor Whiting
Consultation and Community Engagement		
Not applicable.		
Final Decision?		Yes
Suggested next steps (if not final decision) 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 31st March 2015.

2 RECOMMENDATION

- 2.1 That Committee considers the review of the effectiveness of the Council's internal audit for the year ended 31 March 2015.

3 REASONS FOR THE RECOMMENDATION

- 3.1 Regulation 6 of the Accounts and Audit (England) Regulations 2011 requires that:
- "A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit."
 - "The findings of the reviewmust 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 review of the Annual Governance Statement, Finance & Audit Scrutiny Committee is required to consider also the findings of the review of the effectiveness of internal audit.

4 POLICY FRAMEWORK

- 4.1 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.

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 RISKS

- 6.1 Risk management is an intrinsic element of corporate governance of which this report is concerned.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 The alternative option is not to undertake or report on the review of the effectiveness of the system of internal audit, which would result in the Council being in breach of its statutory obligations.

8 THE REVIEW

- 8.1 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 pertains to the performance and effectiveness of the internal audit service.

- 8.2 Although the Code of Practice has been 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.
- 8.3 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.
- 8.4 Based on the above evidence, internal audit is deemed to operate in an effective manner.
- 8.5 The checklist and the results of the review are set out as Appendix 1.