

AUDIT COMMITTEE – 11 JUNE 2013

ANNUAL SELF ASSESSMENT REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT SERVICE 2012/13

Report of the: Chief Executive Designate

Status: For Consideration

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager, Financial Services – Adrian Rowbotham

Recommendation: It be RESOLVED that the Annual Self Assessment Review of the Effectiveness of Internal Audit Service 2012/13 be approved.

Introduction

- 1 This report deals with the outcome of the annual self-assessment of the Council's internal audit function. It is the first report of its kind to the Audit Committee. The Audit Committee is required to review the self-assessment of the effectiveness of internal audit as part of its terms of reference remit.

Background

- 2 Regulation 6.3 of the Accounts and Audit Regulations 2011 requires the Council to carry out an annual review of the effectiveness of its Internal Audit function. The regulation does not stipulate a prescriptive process by which the review may be undertaken, except that the review should be carried out in accordance with "Proper Practices" as defined by relevant professional bodies. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued good practice guidance in 2006 to assist Councils in carrying out the required review. The process involves the use of a self-assessment toolkit to carry out the review. This review was therefore conducted using the CIPFA guidance. Following the initial assessment, the outcome was sent to Management Team on 29 May 2013 for their consideration and approval. The outcome of the review will also feed into the Annual Governance Statement process which will also be reported at the September meeting of the Audit Committee.

Results of the self-assessment of internal audit

- 3 The result of the self assessment and any areas identified for further development is attached as an Appendix to this report. The process involved the completion of the CIPFA self-assessment template by the Internal Audit Manager which addresses the arrangements, practices and achievements of the Internal Audit

function during the year. Subsequently the completed self-assessment was sent for consideration by Management Team on Wednesday 29 May 2013. The result of the review process indicates that the Council's Internal Audit arrangements substantially meet the CIPFA Code requirements. Thus indicating that no significant failings or omissions were identified within the scope of the review. Areas for further development have been identified. These will be addressed during the course of the year.

- 4 The Audit Manager's opinion therefore is that the Council's arrangements in place for Internal Audit in 2012/13 were *effective*. However some aspects of the service were identified which would benefit from further development. These are separately identified under the column headed "Areas for Further Development". Progress on these aspects would be reported to this committee in due course.

Key Implications

Financial

- 5 This report has no financial implications.

Community Impact and outcomes

- 6 Not applicable

Legal, Human Rights etc.

- 7 This report has no additional legal implications.

Resource (non-financial)

- 8 Not applicable

Value for Money and Asset Management

- 9 A robust internal audit function enables the Council's external auditors to place reliance on the work of internal audit, thus limiting the amount of external audit days that will be charged to the Council.

Equality

10

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Sustainability Checklist

11 Not applicable.

Conclusions

12 The outcome of the review indicates that the CIPFA code requirements were substantially met. No significant concerns were identified. Areas for further development have been identified for action going forward.

Risk Assessment Statement

13 The review of the effectiveness of the internal audit function is a regulatory requirement designed to ensure that the service is effective in carrying out its statutory duties aimed at strengthening internal control, risk management and governance processes within the Council. The outcome of the review indicates that the arrangements are effective in meeting good practice requirements and therefore complies with regulatory requirements. Areas for further development have been identified and would be addressed during the course of the year.

Appendices

Appendix A – Completed Self-Assessment Template of Internal Audit

Background Papers:

Accounts and Audit Regulations 2011

CIPFA Code of Practice for Internal Audit in Local Government (2006)

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