

# ANNUAL SELF-ASSESSMENT REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT SERVICE 2015/16

**Audit Committee - 30 June 2016**

Report of: Chief Finance Officer

Status: For Consideration

Key Decision: No

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

**Portfolio Holder** Cllr. Searles

**Contact Officer(s)** Bami Cole Ext. 7174

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**Recommendation to Audit Committee:** That Members note the conclusion of the Annual Self-assessment Review of the Effectiveness of Internal Audit Service 2015/16, that the Council had an adequate and effective Internal Audit service which contributes towards the proper, economic and effective use of resources in achieving its objective.

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## Introduction & Background

- 1 In compliance with Regulation 6.1 of the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards 2013 an annual review of the effectiveness of the Internal Audit function is carried out, using standard guidance and templates to facilitate the process, in accordance with proper practice for Internal Audit. This report sets out the outcome of the process and the conclusions drawn from it. The results from this process also feed into the Internal Audit Manager's Annual Report and the Council's Annual Governance Statement. The outcome of this review was sent to the Council's Strategic Management Team for consideration and approval on.

## Summary of Issues Raised Within the Report

- 2 Appendix A sets out the details of the self-assessment. The process involved the completion of the self-assessment checklist by the Audit, Risk and Anti-Fraud Manager, in order to assess compliance with the Public Sector Internal Audit Standards 2013 and the result was sent to senior management for their consideration and approval, prior to presenting it to the Audit Committee.

## Results of the Self-assessment of Internal Audit

- 3 Following the assessment, the Audit Risk and Anti-Fraud Manager's opinion, is that the Council's arrangements in place for Internal Audit in 2015/16 were substantially compliant with the 2013 PSIAS. There were no material

omissions. Areas for improvements identified will be addressed as part of the Internal Audit Service Development Plan in 2016/17. However, the 2013 standards have now been replaced with the updated standards which came into effect in 1 April 2016. Hence it is the requirements of these new standards which the service will be judged against going forwards.

## **Key Implications**

### Financial

4 This report has no financial implications.

### Legal Implications and Risk Assessment Statement

5 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, including the minimisation of fraud risks. The outcome of the self-assessment indicates that the service is substantially compliant and that areas for further development are being addressed. However, the 2013 standards have now been replaced by updated standards which came into effect on 1 April 2016. Hence it is the requirements of these new standards which the service will be measured against going forward. Hence an initial assessment against the new standards will be completed and reported to the next Audit Committee.

### Equality Assessment

6 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **7 Conclusion**

8 The Audit Manager's opinion therefore is that the Council's arrangements in place for Internal Audit, in 2015/16 were substantially compliant with the 2013 PSIAS. New assessments will need to be completed in accordance with the new 2016 standards and reported to the next Audit Committee in September 2016.

## **Appendices**

Appendix A - Self-Assessment Checklist

## **Background Papers:**

[The Accounts and Audit \(England\) Regulations 2015](#)

[Public Sector Internal Audit Standards.](#)

**Adrian Rowbotham**  
Chief Finance Officer