
REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

1 SUMMARY

- 1.1 The purpose of this report is to advise Members of the outcome of a review of the effectiveness of Internal Audit.

2 INTRODUCTION

- 2.1 The Accounts & Audit Regulations requires the Authority to maintain an adequate and effective system of internal audit of its accounting records and its system of internal controls in accordance with proper internal audit practices, as detailed in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

- 2.2 Amendments to the Accounts & Audit Regulations require the Authority to carry out an annual review of the effectiveness of the system of internal audit as part of the process prior to completing the Annual Governance Statement. At a meeting of this Committee on 20 February 2007 it was agreed to adopt the Department for Communities & Local Government guidance, which required the Head of Internal Audit to complete a self-assessment based on the CIPFA Code for review by senior, independent officers. The review for 2007 was reported to this Committee on 6 June 2007.

3 2007/08 REVIEW

- 3.1 The current-year self-assessment has been reviewed by the Corporate Director (External Services) and the Head of Legal Services. A copy of the completed checklist is enclosed as Appendix 2.
- 3.2 The review found a continuing high level of compliance with the CIPFA Code. Issues identified in the 2007 review relating to reporting arrangements and terms of reference were addressed and incorporated into the 2007/08 Audit Charter. The review identified areas where there is compliance but it was not clearly supported by evidence. An Action Plan is attached as Appendix 1.

4 RECOMMENDATION

- 4.1 It is proposed that the Committee **RESOLVES**

- (1) That the satisfactory outcome of the review be noted.
- (2) That the Action Plan be agreed .

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Background Papers:-

None.

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APPENDIX 1

ACTION PLAN ARISING FROM INTERNAL AUDIT SELF-ASSESSMENT

Checklist Reference	Finding	Proposed Action	Implementation
4.2.4 (b)	Internal Audit does not participate in The Audit Committee's review of its own remit and effectiveness	Assist the Audit Committee in carrying out a review of its effectiveness in line with CIPFA guidance	As part of the 2008/09 Effectiveness of Internal Audit Self-assessment
7.1.2 (c)	Internal Audit's Audit Strategy does not identify how the audit plan can pick up national issues and potential risks.	Area will be addressed in individual audits and formally incorporated into the Strategy Need to ensure the Corporate Risk Register picks up all national initiatives.	As part of the 2008/09 review of the Strategy And Terms Of Reference for Internal Audit
8.3.6	There is no documented policy for retention and access to Internal Audit Files.	High levels of confidentiality are maintained within Internal Audit. Procedures notes will be updated to ensure this area is addressed	30/6/2008
11.3.2 (e)	Internal Audit has no formal action plan to implement improvements	Improvement plans will be included in the Finance, Audit & Performance Divisional Plan as key actions	Implemented