

GOVERNANCE AND AUDIT COMMITTEE
29 JUNE 2010

REVIEW OF INTERNAL AUDIT
(Borough Treasurer)

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the report on the Review of Internal Audit which has been received from the External Auditors and seek responses to two of the recommendations included. The External Auditor will attend the meeting to present the report and answer any questions.

2 RECOMMENDATION

- 2.1 **That the Governance and Audit Committee note the Review of Internal Audit appended to the report and provide responses on recommendations 1 and 2.**

3. ADVICE FROM STATUTORY OFFICERS

Borough Treasurer

- 3.1 Nothing to add to the report.

Borough Solicitor

- 3.2 Nothing to add to the report.

Strategic Risk Management Issues

- 3.3 Internal audit is an important element in ensuring that the control systems that seek to address our risks are adequate for their purpose.

Equalities Impact Assessment

- 3.4 There are no issues to be considered arising from this report.

4 SUPPORTING INFORMATION

- 4.1 As part of their responsibilities under the Audit Commission's Code of Practice, the External Auditors consider whether the Council has put in place internal controls that are both adequate and effective in practice. Internal audit is an important element in ensuring that control systems are adequate for their purpose. The External Auditors review the operation of internal audit on an annual basis. This is supplemented by a more detailed review to assess compliance with the CIPFA Code of Practice for Internal Audit in Local Government every 3 years or whenever there is a significant change to the service. A detailed review was carried out in 2007/08. The External Auditors carried out a detailed review of internal audit again during 2009/10 due to the awarding of the contract for internal audit services to the new contractor, H W Controls and Assurance effective from 1 April 2009 which was considered to be a significant change.

- 4.2 The External Auditors have concluded that the in house team and the contractor meet the required CIPFA standards and provide a good service. The Council has therefore satisfied its statutory requirement to have an adequate and effective internal audit provision. The External Auditors also concluded that they could place reliance on internal audit's work for 2009/10.
- 4.3 Only four recommendations have been raised. Recommendations have been raised for the Head of Audit and Risk Management to include progress against the Annual Audit Plan and review the appropriateness of performance indicators and for the contractor to ensure all audit work is fully documented and evidenced. Two further recommendations have been raised for the Governance and Audit Committee to consider. These relate to meeting privately with the Head of Audit and Risk Management and inviting the Head of Audit and Risk Management to participate in the Committee's review of its own remit and effectiveness.

5 CONSULTATION

- 5.1 Not applicable.

Contact for further information

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