

AUDIT COMMITTEE	AGENDA ITEM No. 7
30 JUNE 2014	PUBLIC REPORT

Cabinet Member responsible:	Councillor Seaton, Cabinet Member for Resources	
Committee Member responsible:	Councillor Lee, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT – 2013 / 2014

R E C O M M E N D A T I O N S	
FROM : John Harrison, Executive Director (Strategic Resources)	Deadline date : N/a
Committee is asked to:	
1. Consider and endorse the annual review of the effectiveness of Internal Audit 2013 / 2014.	

1. ORIGIN OF REPORT

1.1 This report is submitted as part of the Audit Committee work programme for 2014 / 2015.

2. PURPOSE AND REASON FOR REPORT

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following “2.2.1.3 *To consider reports dealing with the management and performance of the providers of internal audit services*”.

2.2 In accordance with the requirements of the Accounts and Audit Regulations 2011 the Council conducts an annual review of the system of internal audit to be considered as part of its governance assurance processes, including the production of the Annual Governance Statement.

3. INTERNAL AUDIT EFFECTIVENESS

3.1 The Accounts and Audit Regulations require all Councils to review their systems of internal control and to provide an adequate and effective Internal Audit function. From 2011, they required that an annual review should be referred to the appropriate committee.

3.2 To address the Accounts and Audit Regulations 2011 requirement, an assessment of Internal Audit has been carried out which is presented for consideration by Audit Committee. It contains an opinion on the effectiveness of the service including a self-assessment against the Public Sector Internal Audit Standards (referred to Audit Committee in March 2013).

3.3 The review was undertaken by the Chief Internal Auditor and the report (**Appendix A**) is presented for Members' consideration and comment.

3.4 As part of the standards, there is a requirement for an independent evaluation as to how the standards are met once every five years. For consistency across the partnership with Cambridge City and South Cambridgeshire, this is being explored for 2015.

4. CONCLUSION

4.1 Consideration of a range of views on the effectiveness of Internal Audit operating within the Council during 2013 / 2014 indicates that this has been both appropriate and effective. **The report demonstrates that the Council has an effective system of internal audit including a policy framework, internal audit function, audit committee and effective management engagement.**

5. CONSULTATION

5.1 This report has been issued to the Head of Strategic Finance for consideration.

6. ANTICIPATED OUTCOMES

6.1 It is reasonable from all the assurances now available to the Council to conclude that a sound system of internal audit operated throughout 2013 / 2014.

7. REASONS FOR RECOMMENDATIONS

7.1 To seek endorsement from members that internal audit within the authority is being delivered and provide effective challenge to the organisation.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None required at this stage.

9. IMPLICATIONS

9.1 This report contains no specific financial implications.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- Internal Audit Plans;
- Internal Audit Charter;
- Accounts and Audit Regulations 2011;
- Statement of the Role of the Head of Internal Audit, CIPFA, 2010; and
- Public Sector Internal Audit Standards 2013

11. APPENDICES

- Appendix A: Annual Review of the Effectiveness of Internal Audit