



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	8 APRIL 2010
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report presents the Annual Review of the Effectiveness of the System of Internal Audit from the North Yorkshire Audit Partnership for approval.

2.0 RECOMMENDATION

- 2.1 It is recommended that the attached report for 2009/10 be approved.

3.0 REASON FOR RECOMMENDATION

- 3.1 To ensure that the Council to meet its statutory requirements.

4.0 SIGNIFICANT RISKS

- 4.1 There are no significant risks.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 The Accounts and Audit Regulations 2003 require all Councils to annually review their systems of internal control and to provide an adequate and effective Internal Audit function.

- 5.2 The amendment in SI 2006/564 introduced a new requirement to undertake an annual review of the effectiveness of the system of Internal Audit on an annual basis. The amendment to Regulation 6 is as follows:

- 6(3) the relevant body shall, at least once in each year, conduct a review of the effectiveness of its system of internal audit.

6(4) the findings of the review ... shall be considered, as part of the consideration of the system of internal control ... by the (relevant) committee ...”

5.3 It was agreed that this committee should act as an Audit Committee for the Council and, therefore would be the body to receive these reports.

5.4 This report presents the Review of Effectiveness Report for the period 1 April 2009 to 31 March 2010 from the North Yorkshire Audit Partnership.

6.0 POLICY CONTEXT

6.1 This report supports the Council’s requirement to comply with all legislation. It also supports the Corporate Strategic Objective to know our communities and meet their needs.

7.0 CONSULTATION

7.1 The review requires that the Council reviews its system of Internal Audit. Primarily this is the service provided by the North Yorkshire Audit Partnership to the Council.

7.2 To reach an assessment of the effectiveness the Partnership has undertaken a survey of the principal recipients of Internal Audit, the Chief Executive, Strategic Directors, and Heads of Service.

7.3 Therefore this is the consultation that has been undertaken.

8.0 REPORT DETAILS

8.1 The Report, detailed in annex A, sets out the methodology applied and the results of the work. At present there is only limited guidance. This will evolve as will the opinion from the Council’s external auditors who will consider this report as part of their work examining the validity of the Council’s AGS (Annual Governance Statement).

8.2 This report highlights progress with issues identified in the self-assessment undertaken last year and matters that the service unit manager surveys identify. It forms an important part of the overall control framework, and is a component of the Annual Governance Statement.

8.3 The self-assessment undertaken indicates that the service provided by the Partnership meets all the aspects of the CIPFA code. It is anticipated that this will be re-affirmed in 2010/11 through the external auditor’s tri-ennial review. As with any such review there will always be areas that could be improved and this is no different. These have been outlined in the self-assessment.

8.4 The results of the survey of principal clients indicate an overall assessment of effectiveness scoring 99% (97% 2008/09; 93% 2007/08; 98% 2006/07) at the median or above.

8.5 Previously the identified weaker area is the involvement of internal audit with ‘new and developing projects’. Clearly this is an area where internal audit are now being invited to participate. It is hoped that Heads of Service agree to continue this in future.

8.6 The annual Internal Audit report to the committee in June will complete the review, as

it will include the key performance indicators.

- 8.7 Overall the report provides an assurance that the internal audit service provided through the partnership does, indeed, meet the criteria for an effective system of internal audit.

9.0 IMPLICATIONS

9.1 The following implications have been identified:

- a) Financial
There are no financial implications.

- b) Legal
The only implication is that the review is a mandatory requirement.

- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None.

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Background Papers:

None

Background Papers are available for inspection at:

N/a