

---

<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE</b>	<b>AGENDA ITEM:</b> 6
<b>DATE OF MEETING:</b>	<b>28th JUNE 2006</b>	<b>CATEGORY:</b> <b>RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (595811)</b>	<b>DOC:</b> u/ks/audit committee/sept06/review of IA
<b>SUBJECT:</b>	<b>AUDIT COMMISSION – REVIEW OF INTERNAL AUDIT 2006</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

---

### 1.0 Recommendations

- 1.1 That the findings and proposed actions arising from the Review are considered and any issues arising are referred to the Audit Commission or the Council as appropriate.

### 2.0 Purpose of Report

- 2.1 To table the Audit Commission's report on their review of the Council's Internal Audit function for 2006. Under the Committee's terms of reference, the Committee is asked to consider and comment on the findings and proposed actions arising from the review.

### 3.0 Detail

#### **Background**

- 3.1 Under the Code of Audit Practice, the Council's appointed auditors are required to carry out a triennial full review of Internal Audit's activities. This has recently been undertaken, and their summary report is attached.
- 3.2 This triennial review is undertaken to satisfy the appointed auditor that the Council has an effective Internal Audit service when measured against the standards of professional practice defined by CIPFA's Code of Practice for Internal Audit in local government.

#### **Main Conclusions**

- 3.3 Overall, the Council's auditors were satisfied (apart from some points addressed in the action plan) that the Council has appropriate constitutional and management arrangements in place for its Internal Audit service.
- 3.4 They also confirmed that they had been able to place reliance this year on Internal Audit's fundamental systems work to discharge elements of their own statutory duties.

3.5 However, the report identifies issues about:

- The level at which the Council's Audit Manager is managed.
- The timing and impact of internal audit reports
- The way internal reports inform the production and reliability of the Council's financial statements and the Statement on Internal Control.

3.6 These and other issues are set out in an action plan that is detailed in Appendix 1 to the report. This includes management's responses to the points raised. The responses reflect that all of these issues have already or are in the process of being addressed.

#### **4.0 Financial Implications**

4.1 None.

#### **5.0 Corporate Implications**

5.1 None directly.

#### **6.0 Community Implications**

6.1 None directly.

#### **7.0 Background Papers**

7.1 None