

CHESHIRE EAST COUNCIL

Governance and Constitution Committee

Date of meeting: 21 May 2009
Report of: Internal Audit Manager
Title: Internal Audit Update Report

1.0 Purpose of Report

- 1.1 The purpose of this report is to update the Committee on the work of the internal audit section and key findings to date. Appendix A gives a summary of the current position and any issues arising.

2.0 Background

- 2.1 Internal Audit is a function required under Section 151 of the Local Governance Act 1972 and the Accounts and Audit Regulations 2003. It is an integral part of the governance framework of the Council and supports continuous improvement and the maximising of efficiency.
- 2.2 The CIPFA Code of Practice for Internal Audit in Local Government lays down a number of other criteria that are considered good practice. An element of this is the level of independence and the ability of the Internal Audit Manager to have a right of access to information, documentation, staff and members across the organisation. It is important that, where necessary, the Internal Audit Manager has direct access to the Chief Executive and/or leader of the Council in order to fulfil the role as an “independent appraisal function.”

3.0 Recommendations

- 3.1 That the approach to internal audit planning be endorsed and the internal audit findings to date be noted.

4.0 Financial Implications for Transition Costs

- 4.1 None.

5.0 Financial Implications 2009/10 and beyond

- 5.1 The audit team must be appropriately staffed and resourced to comply with statutory and best practice requirements. The budget for the internal audit function currently provides for sufficient staffing levels to fulfil this function. There are, however, a number of budget issues still to be resolved, not least the area of training where the section currently has no budget. There are also a number of skills gaps which need to be addressed during the recruitment and matching process.

6.0 Legal Implications

- 6.1 The existence of internal audit derives from a number of statutes as identified earlier in the report.

7.0 Risk Assessment

- 7.1 Internal Audit is part of the overall risk management of the authority. Lack of appropriate controls could damage the reputation of the Council, lead to inefficiency and increases the risk of fraudulent activity.
- 7.2 A risk-based approach to audit will be taken, linking the audit plan to corporate risks and to the fraud risk register.

8.0 Training

- 8.1 There are a number of areas of training required to assist continuous professional development of qualified staff, professionally qualify existing staff and to upskill staff as audit practices develop. Officers investigating allegations of fraud and corruption must possess good knowledge of relevant legislation such as the Fraud Act 2006, Theft Act 1968, Theft Act 1978, PACE 1984, Employment Law, DPA 1998, RIPA 2000 and the Council's investigation procedure.

9.0 Reasons for Recommendations

- 9.1 To ensure that the Council establishes an effective internal audit function and that the findings and recommendations are given appropriate attention in order to improve and give assurance on the internal controls within the authority.

For further information:

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Background Documents:

Local Government Act 1972

Accounts and Audit Regulations (2003 and updated 2006)

CIPFA Internal Audit Code of Practice