

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of meeting: 17 March 2016
Report of: Corporate Manager Governance and Audit
Title: Internal Audit Interim Report 2015/16
Portfolio Holder: Councillor Peter Groves

1.0 Report Summary

1.1 The purpose of the report is to:

- i) update the Audit and Governance Committee on progress against the Internal Audit Plan 2015/16, revisions to the plan and to summarise work undertaken between October and December 2015 (see Appendix A).
- ii) present the updated Internal Audit Charter for approval by the Committee (see Appendix B).

2.0 Recommendation

2.1 That the Committee:

- i) note the issues identified, endorse the approach to achieving adequate audit coverage in the remainder of 2015/16 and discuss future audit issues and ways of working as appropriate.
- ii) approve the updated Internal Audit Charter.

3.0 Reasons for Recommendation

3.1 The Interim Report addresses emerging issues in respect of the whole range of areas to be covered in the Internal Audit Annual Report, due in June 2016.

3.2 The Internal Audit Charter is reviewed periodically (as a minimum annually) by the Corporate Manager Governance and Audit and presented to the Management Group Board and forwarded to the Audit and Governance Committee for approval.

4.0 Wards Affected

4.1 All wards.

5.0 Local Wards Affected

5.1 Not applicable.

6.0 Policy Implications

6.1 Not applicable.

7.0 Financial Implications (Authorised by the Chief Operating Officer)

7.1 The Internal Audit team must be appropriately resourced to comply with statutory and best practice requirements.

8.0 Legal Implications (Authorised by the Director of Legal Services)

8.1 The requirement for an internal audit function is either explicit or implied in legislation with s151 of the Local Government Act 1972 requiring Councils to “make arrangements for the proper administration of their financial affairs” and the Accounts and Audit Regulations 2015 requiring a relevant body to “undertake an effective internal audit ...”

9.0 Risk Assessment

9.1 The Authority is required to maintain an effective internal audit of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance in accordance with Regulation 5 of the Accounts and Audit Regulations 2015. Failure to do so could result in non compliance with the requirements of the Regulations.

10.0 Background

10.1 The Public Sector Internal Audit Standards (PSIAS) states that in addition to the annual report, arrangements should be made for interim reporting to the organisation in the course of the year.

10.2 Members were provided with a detailed Interim Report at the December 2015 meeting of this Committee. As such, the latest update, which can be found at Appendix A, has been prepared in the form of a highlight report and covers the programme of work delivered between October and December 2015 along with a brief outline of work planned for the remainder of the financial year.

10.3 The Internal Audit Charter was first approved by the Committee in November 2013. This has now been reviewed and updated for the following:

- Changes in reporting arrangements following the departure of the Head of Corporate Resources and Stewardship to meet the expectation of both CIPFA and the IIA (as detailed in the PSIAS Local Government Application Note) that the Chief Audit Executive should not report administratively or be managed at a lower level than the corporate management team :

Para 5.1 “The Corporate Manager Governance and Audit will report functionally to the Audit and Governance Committee and administratively (i.e. day to day operations) to the Director of Legal

Services on an interim basis. This administrative reporting line will be subject to review following the appointment of the Director of Resources.”

Para 6.2 “ Any assurance activity in areas where the Corporate Manager Governance and Audit has operational responsibility will be carried out by auditors with no involvement in the process and overseen by the Director of Legal Services, thus maintaining independence and objectivity in line with the ‘the Standards’.

- Latest review date i.e. January 2016.

11.0 Access to information

The background papers relating to this report can be inspected by contacting the report writer:

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