

# CHESHIRE EAST COUNCIL

## Governance and Constitution Committee

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**Date of meeting:** 21<sup>st</sup> January 2010  
**Report of:** Head of Internal Audit and Compliance  
**Title:** Internal Audit Plan 2009/10 and Update Report

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### **1.0 Purpose of Report**

- 1.1 The purpose of the report is to update the Governance and Constitution Committee on the internal audit issues arising; progress against the audit plan 2009/10; revisions to the plan and to summarise work during the period and in the remainder of the year.

### **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 report attached at Appendix A (including Appendix 1) covers the emerging issues arising in each aspect of internal audit's work and the revisions to the plan necessary to give appropriate assurance during 2009/10.

### **3.0 Recommendations**

- 3.1 That the Committee note the issues identified, endorse the approach to achieving adequate audit coverage in the last quarter and discuss future audit issues and ways of working as appropriate.

### **4.0 Financial Implications for Transition Costs**

- 4.1 None.

### **5.0 Financial Implications 2009/10 and beyond**

- 5.1 The internal 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.

### **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 up skill 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 Committee influences the development of the internal audit processes and understands the audit coverage, emerging issues and the link between good Corporate Governance and effective internal audit. In addition 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