

# CHESHIRE EAST COUNCIL

## Audit and Governance Committee

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**Date of meeting:** 30 September 2010  
**Report of:** Head of Internal Audit and Compliance  
**Title:** Internal Audit Review

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### **1.0 Report Summary**

- 1.1 This report provides the Committee with the Audit Commission's review of Internal Audit, including the management response.
- 1.2 Representatives from the Audit Commission will attend the meeting to present the findings of the review.

### **2.0 Recommendation**

- 2.1 It is recommended that the Committee:
  - (1) receive the Audit Commission's report on the Internal Audit (Appendix A)
  - (2) note that the review identified that Internal Audit met seven of the eleven CIPFA standards during the year and partially met the other four. The review also concluded that "good progress was made in developing the Council's Internal Audit arrangements during the year" and that "the Internal Audit team is well placed to act as an assurance function, delivering an independent and objective opinion on the Council's control environment and assurance on internal controls through its annual audit plan".
  - (3) note Management's response (Appendix B) to the auditors findings and recommendations contained within Appendix 1 of the Audit Commission's report.
  - (4) note that periodically the Committee will receive update reports on the action that is being taken to address the issues identified by the Audit Commission.

### **3.0 Reasons for Recommendation**

- 3.1 All principal local authorities subject to the Accounts and Audit Regulations 2003 (as amended) must make provision for internal audit in accordance

with the Code of Practice for Internal Audit in Local Government in the United Kingdom. The Code sets out the definitions and principles (the standards) which establish how a professional internal audit service should operate.

- 3.2 The Council's External Auditors have, in accordance with International Standards of Auditing (ISA+ 610), completed a review of Internal Audit's compliance with the Code for the year ended 31 March 2010. The findings and recommendations arising from the review can be found at Appendix A, with Management's response found at Appendix B.
- 3.3 The Committee is, therefore, asked to consider the contents of the External Auditor's report and seek assurance that any issues that significantly fall short of the expected standards have been, or are being addressed appropriately.

#### **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**

- 7.1 Not applicable

#### **8.0 Legal Implications**

- 8.1 All principal local authorities subject to the Accounts and Audit Regulations 2003 (as amended) must make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.

#### **9.0 Risk Assessment**

- 9.1 Failure to consider the extent to which Internal Audit complies with the Code of Practice for Internal Audit in Local Government could result in non compliance with the Accounts and Audit Regulations.

***For further information:***

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**Background Documents:**

None.