

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of meeting: 31st January 2013
Report of: Head of Internal Audit
Title: Internal Audit Interim Report 2012/13
Portfolio Holder: Councillor Peter Raynes

1.0 Report Summary

- 1.1 The purpose of the report is to update the Audit and Governance Committee on progress against the Internal Audit Plan 2012/13, revisions to the plan and to summarise work during the second and third quarters of 2012/13 (see Appendix A).

2.0 Recommendation

- 2.1 That the Committee note the issues identified, endorse the approach to achieving adequate audit coverage in the remainder of 2012/13 and discuss future audit issues and ways of working as appropriate.

3.0 Reasons for Recommendation

- 3.1 This interim report addresses emerging issues in respect of the whole range of areas to be covered in the annual report, due in June 2013.

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 The internal audit team must be appropriately staffed and resourced to comply with statutory and best practice requirements. The current team is particularly lean, with no current Head of Internal Audit, and a Senior Auditor has recently left the Authority with no replacement currently planned.

8.0 Legal Implications

- 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 2011 requiring a relevant body to “undertake an adequate and effective internal audit ...”

9.0 Risk Assessment

- 9.1 The Authority is required to maintain an adequate and effective system of internal audit in accordance with Regulation 6 of the Accounts and Audit Regulations 2011. Failure to consider the effectiveness of its system of internal audit, and the opinion on Council’s control environment, could result in non- compliance with the requirements of the Regulations.

10.0 Background and Options

- 10.1 The Code of Practice for Internal Audit in Local Government in the United Kingdom states that, “in addition to the annual report”, the Head of Internal Audit “should make arrangements for interim reporting to the organisation in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the annual report”.
- 10.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the Council, via the Audit and Governance Committee, that these arrangements are in place and operating properly. The annual internal audit opinion informs the Annual Governance Statement. The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council’s objectives.

11.0 Access to information

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

Name: Neil Taylor/Jon Robinson

Designation: Audit Manager

Tel No: 01270 685683/686564

Email: neil.taylor@cheshireeast.gov.uk
jon.robinson@cheshireeast.gov.uk