

# CHESHIRE EAST COUNCIL

## REPORT TO: Audit and Governance Committee

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**Date of meeting:** 30 January 2014  
**Report of:** Audit Managers  
**Title:** Internal Audit Interim Report 2013/14  
**Portfolio Holder:** Councillor Peter Raynes

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### **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 2013/14, revisions to the plan and to summarise work during the third quarter of 2013/14 (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 2013/14 and discuss future audit issues and ways of working as appropriate.

### **3.0 Reasons for Recommendation**

- 3.1 In accordance with the Public Sector Internal Audit Standards (PSIAS), this second interim report of 2013/14 addresses emerging issues during the year to date, which will be covered in the annual report, due in June 2014.

### **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 resourced to comply with statutory and best practice requirements. Internal Audit was removed at a late stage from the recent Management Review in the light of the Council's transition to a strategic commissioning authority and the introduction of new delivery models. The arrangements will be reviewed during 2014/15.

## **8.0 Legal Implications**

- 8.1 S151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and the Accounts and Audit Regulations 2011 require a local authority to maintain an adequate and effective internal audit.
- 8.2 The Council's Constitution gives responsibility for overseeing the Council's role and responsibilities in respect of Corporate Governance and Audit to the Audit and Governance Committee.

## **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 Public Sector Internal Audit Standards (PSIAS) Local Government Application Note states that, "in addition to the annual report, the Chief Audit Executive 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 and hence support a 'no surprises' approach, as well as assist management in drafting the annual governance statement". A separate report on the review of the new CIPFA guidance on Audit Committees is on this Committee agenda.
- 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:

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