

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 25 JUNE 2014

Title of report	REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT
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Purpose of report	To provide members of this committee with an opportunity to review the effectiveness of Internal Audit.
Reason for Decision	To comply with the Public Sector Internal Audit Standards.
Council Priorities	Value for Money
Implications:	
Financial/Staff	None
Link to relevant CAT	None
Risk Management	The Internal Audit planning process is based on a risk assessment methodology
Equalities Impact Assessment	Not Applicable
Human Rights	None
Transformational Government	Not Applicable
Consultees	Head of Finance
Background papers	Public Sector Internal Audit Standards
Recommendations	THAT THE COMMITTEE ACCEPTS THE INTERNAL AUDIT SELF ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL AUDIT FOR 2013/14 AND COMMENTS AS APPROPRIATE.

1. INTRODUCTION

- 1.1 Regulation 6 of the Accounts and Audit (England) Regulations 2011 requires bodies to conduct an annual review of the effectiveness of its internal audit function and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the overall system of internal control. The Public Sector Internal Audit Standards (PSIAS) also require that an internal or external review of the Internal Audit service is conducted annually. This review also contributes to the process in preparing the Annual Governance Statement (AGS).

2. REVIEW OF THE EFFECTIVENESS

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) have produced a Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards. The Application Note includes a 'Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note'. The checklist has been developed by CIPFA to satisfy the requirements for periodic self assessments and externally validated self assessments as part of the Quality Assurance and Improvement Programme. It incorporates both the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents.
- 2.2 A self assessment using the CIPFA checklist has been undertaken by the Senior Auditor and reviewed by the Head of Finance. The completed checklist is documented in Appendix 1. The actions required to ensure conformance with the PSIAS and the CIPFA Application Note has been produced and was presented to this committee in March 2014. An update on the progress against the action plan is included within the Internal Audit Progress Report. The self-assessment is based on the 2013-14 financial year and therefore does not take into account recent work to ensure conformance, for example, the updated Audit Opinion Report.