

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

01 April 2008

Report of the Chief Internal Auditor

Part 1- Public

Matters for Information

1 CIPFA CODE OF PRACTICE REVIEW

Summary

This report informs Members of the internal review of the CIPFA Code of Practice for Internal Audit in Local Government 2006 carried out by the Principal Auditor. From the review the Principal Auditor believes that the Internal Audit Section is compliant with the Code.

1.1 Background

- 1.1.1 The Code of Practice is recognised by the Accounts & Audit Regulations 2006 as forming the standards for a “proper accounting procedure”. It is used by the Audit Commission as a yardstick for assessing the effectiveness and efficiency of the Internal Audit Section.
- 1.1.2 One of the requirements of the Code is that a review of the Internal Audit Section against the requirements of the Code should take place on a regular basis.
- 1.1.3 In addition a comprehensive external review of the Internal Audit Section by an external reviewer is required every three years. The external reviewer has to be agreed by the Audit Committee. The Audit Committee has previously agreed that another Internal Audit Section from a neighbouring authority would be suitable for carrying out this review.
- 1.1.4 It was intended that a review of the section should be undertaken by staff from Tunbridge Wells Internal Audit Section on a quid pro quo basis within this financial year. However, because the Audit Commission had planned to undertake a review of the Internal Audit section in this financial year and Tunbridge Wells had resource issues in Internal Audit it was agreed to defer the Tunbridge Wells review until the next financial year.
- 1.1.5 It was felt prudent to carry out a self-assessment in the interim period. The Chief Internal Auditor had carried out this review last year and therefore this current review has been undertaken by the Principal Auditor to ensure a different perspective took place.

1.2 Outcome of the Review

- 1.2.1 The checklist provided with the Code of Practice was used to carry out the review. The outcome of this review is attached as **[Annex 1]**.
- 1.2.2 In the opinion of the Principal Auditor a majority of the Code is being complied with. Only one area was considered not to be evidenced. The Code requires that some form of benchmarking takes place. It was agreed by the Kent Audit Group that a basic set of comparisons would be kept this financial year. These figures will not be available until later this year and therefore there was no evidence available at the time of the review to be able to confirm compliance with this specific requirement.

1.3 Legal Implications

- 1.3.1 There are no direct legal requirements for compliance with the Code. However, part of the Accounts and Audit Regulations 2006 require proper accounting procedures to be in place. The Regulations identify the CIPFA Audit Code of Practice as being “proper accounting procedures” and therefore compliance with the Code fulfils this requirement.

1.4 Financial and Value for Money Considerations

- 1.4.1 There are no financial considerations but the Code is recognised as being best practice.

1.5 Risk Assessment

- 1.5.1 A failure to comply with the Code could lead to a poor score in the Key Lines of Enquiry inspection and the Audit Commission being unable to place reliance on the work of the Internal Audit Section.
- 1.5.2 Compliance with the checklist is subjective and therefore the Audit Commission inspection may not agree with the view of the Principal Auditor who has carried out the review. However, it is considered that this is a minimal risk.

Background papers:

contact: Karla Etuate

Audit Section Documentation

CIPFA Code of Practice for Local Government Internal Auditors 2006

David Buckley

Chief Internal Auditor