

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

22 June 2009

Report of the Chief Internal Auditor

Part 1- Public

Matters for Information

1 PEER REVIEW OF INTERNAL AUDIT BY GRAVESHAM BOROUGH COUNCIL

1.1 Background

- 1.1.1 In order to meet the requirements of s6 Accounts & Audit Regulations 2003 (as amended in 2006) the Internal Audit Section is required to comply with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
- 1.1.2 Within the Code of Practice is a requirement that the section is regularly reviewed for compliance with the Code of Practice. Members will be aware that in 2007 the Chief Internal Auditor carried out an internal review against the Code of Practice. As part of the review a number of changes were made to the Audit Charter in order to be satisfied that the section was compliant with the Code.
- 1.1.3 A further review of the section was carried out by the Audit Commission in early 2008. The outcome of this inspection has not yet been reported on.
- 1.1.4 Although the Code is not specific it does imply that frequent external reviews of compliance with the Code should take place. In order to achieve this it was agreed that Gravesham Borough Council and TMBC should carry out a review of each other's Internal Audit Sections against the Code.

1.2 Outcome of review

- 1.2.1 This review has taken place during May and June. This process involved both authorities supplying evidence to support their self assessment against the Code of Practice and an assessment of that evidence. A copy of the checklist with the comments of the reviewer is attached. **[Annex 1]**
- 1.2.2 The result of the review is recorded on a certificate signed by the Senior Auditor from Gravesham Borough Council. This certificate certifies that the reviewer is satisfied that the evidence supplied against the checklist provides a true and fair assessment of compliance with the Code. **[Annex 2]**
- 1.2.3 There were three suggestions made where improvements could be made.

1.2.4 Firstly the Council could consider expanding the Audit Charter as follows: -

- Give idea or examples of consultancy work – This has been included in s4 of the proposed revised Charter.
- Provide a broad overview of how resource requirements will be assessed – it was felt that as the level of staff resources required is reported to Members annually within the Audit Plan report that there was no need to include this separately within the Charter.
- Make explicit the right of access to assets, personnel and premises of partner organisations. – There is currently an audit being undertaken of partnership arrangements and this will include examining the provision of audit inspection in the agreement where appropriate.

1.2.5 It was suggested that officers could be given instructions on how to request deferments of audits when briefs are issued. – It is felt that there is no need to set out a formal arrangement for this process. Currently all requests for deferment of an audit are dealt with by email or by telephone and are dealt with satisfactorily.

1.2.6 Could consider conducting review of effectiveness of the Audit Committee as suggested in CIPFA audit committee guidance. – Members of the Audit Committee received training in November 2007 from CIPFA on the role of the Audit Committee. It would therefore be useful to carry out such a review.

1.3 Legal Implications

1.3.1 The Council has a statutory duty to comply with the Accounts and Audit Regulations 2003. Compliance with this Code of Practice is recognised as providing “proper procedures”.

1.3.2 A failure to comply with the Code of Practice could lead to an external review determining that the Council does not have proper accounting procedures in place.

1.4 Financial and Value for Money Considerations

1.4.1 As the Code forms part of the annual external audit inspection regime then failure to comply with it could result in additional inspection costs.

1.5 Risk Assessment

1.5.1 The Code of Practice is designed to set a standard for Audit performance to be measured against. A failure to comply with the Code of Practice would lead to adverse external reports and would prevent the Audit Commission from being able to rely on the work of Internal Audit.

Background papers:

contact: David Buckley

Code of Practice for Local Government Internal Audit
in England and Wales 2006 (CIPFA, London)
Evidence supplied from Council records

David Buckley
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