

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Peer review of the Internal Audit Service
Meeting/Date:	Corporate Governance Panel – 14 May 2014
Executive Portfolio:	Resources: Councillor J A Gray
Report by:	Internal Audit & Risk Manager
Ward(s) affected:	All Wards

Executive Summary

The Public Sector Internal Audit Standards (PSIAS) require that an internal or external review of the Internal Audit Service is conducted annually.

The 2013 review was undertaken by the Internal Audit Manager in the form of a self-assessment. The action plan arising from that review, and approved by Panel in May 2013, included provision for the 2014 review to be undertaken by an external assessor. The Internal Audit Manager (Mr Richard Gaughran) of the Welland Internal Audit Consortium was approached to undertake the review. Mr Gaughran has considerable experience of leading and managing internal audit services within local government. He is a member of the Institute of Internal Audit and the Chartered Institute of Public Finance and Accounting.

Conduct of the Review

The attached report 'Review of Effectiveness of Internal Audit' has been prepared by Mr Gaughran. Evidence to support its conclusions were obtained from:

- The results of a survey issued to Members of the Panel, the Cabinet and senior managers.
- Discussions with the Managing Director and former Assistant Director (Finance & Resources).
- Discussions with the Vice-Chairman of the Panel; and
- Discussions with internal audit staff.

A wide variety of evidence to support working practices was also provided to Mr Gaughran.

Outcome of the Review

The report concludes that internal audit is effective in delivering

- Credible assurance to stakeholders;
- Improved management of risks;
- Improved corporate governance arrangements; and
- Support in the achievement of corporate objectives.

Opportunities to further enhance the effectiveness of the internal audit service have also been identified.

- The exercise of the Panel's right to hold to account Officers who fail to implement, fully and on a timely basis, agreed audit recommendations; and
- Making arrangements that allow the Panel – or the Chairman exercising delegated authority – to approve or disapprove proposed changes to the approved Internal Audit Plan.

In addition, reference has also been made to the need to continue with the updating of the internal audit manual.

The report does not contain any comment or make any recommendation that warrant inclusion in the annual governance statement.

Financial and Legal implications

There are no direct financial or legal implications arising from the report.

Recommendations:

It is recommended that the Panel:

1. Note the outcome of the review process and the findings of the report prepared by Mr Gaughran;
2. Note that Internal Audit is delivering an effective internal audit service to the Council; and
3. Endorse the following actions:
 - i. Heads of Service who fail to implement agreed audit actions on time shall attend and explain to the Panel the reasons for their non-introduction; and
 - ii. The Internal Audit & Risk Manager shall liaise with the Chairman of the Panel regarding changes to the internal audit plan.

Background Papers

Review of effectiveness of Internal Audit.

Contact Officer

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