

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Corporate Director Support Services

to

**Audit Committee**

on

**20 June 2012**

Report prepared by: Linda Everard, Head of Internal Audit

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**Internal Audit Annual Performance Assessment 2011/12**

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***A Part 1 Public Agenda Item***

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## **1. Purpose of Report**

- 1.1 To present the Audit Committee with outcome of the annual performance review for 2011/12.

## **2. Recommendation**

- 2.1 The Audit Committee accepts the Head of Internal Audit's Annual Report for 2011/12.**

## **3. Background**

- 3.1 A key part of the Council's governance framework is the maintenance of an adequate and effective internal audit service (as required by The Accounts and Audit (England) Regulations 2011 Regulation 6 (1)). The Council is required (by Regulation 6 (3)) to complete an annual assessment of the adequacy of these arrangements and then present the findings to a committee or Council as part of the annual review of the system of internal control (by Regulation 6 (4)).
- 3.2 For this purpose, "proper practice" is considered to be the Code of Practice for Internal Audit in Local Government in the UK (2006) published by the Chartered Institute of Public Finance and Accountancy (the Code).
- 3.3 The Head of Internal Audit completes the annual assessment, providing evidence to support the conclusions drawn. A formal independent review of this assessment should be undertaken every 3 to 5 years. External Audit completed such a review on the 2010/11 assessment as reported at the September 2011 Audit Committee.

## **4. Conclusion**

- 4.1 The Internal Audit Service complied with the requirements of the Code, therefore it is possible to conclude that the Council maintained an adequate and effective internal audit service in 2011/12.

- 4.2 Some opportunities have been identified to further strengthen the team's operating arrangements and an action plan has been produced to address them. This year, it also includes actions arising from the completion of the annual Manager Assurance Statements, the requirements of which team substantially complied with.
- 4.3 An assessment will be undertaken in 2012/13 of compliance with the good practice guidance outlined in CIPFA's publication: The Role of the Head of Internal Audit in Public Service Organisations 2010.

## **5. Corporate Implications**

### **5.1 Contribution to Council's Aims, Priorities and Outcomes**

Audit work contributes to the delivery of all Council Aims, Priorities and Outcomes

### **5.2 Financial Implications**

None

### **5.3 Legal Implications**

The Accounts and Audit (England) Regulations 2011, require councils to have an adequate and effective system of internal audit. This is now defined as compliance with proper professional practice i.e. the Code and it requires Internal Audit to report on whether recommendations made are being implemented. Therefore failure to do so would be a breach of a statutory duty.

The Code also requires the Head of Internal Audit to deliver an independent and objective annual opinion on the Council's control environment.

### **5.4 People and Property Implications**

Not applicable

### **5.5 Consultation**

Not applicable

### **5.6 Equalities Impact Assessment**

Not applicable

### **5.7 Risk Assessment**

Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework which may impact of the Council's ability to deliver its corporate objectives.

### **5.8 Value for Money**

Not applicable

### **5.9 Community Safety Implications and Environmental Impact**

Not applicable

## **6. Background Papers**

- The Accounts and Audit (England) Regulations 2011
- CIPFA, Code of Practice for Internal Audit in Local Government in the United Kingdom 2006

- CIPFA: The Role of the Head of Internal Audit in Public Service Organisations 2010.

## **7. Appendices**

- Appendix 1: Performance Assessment Summary 2011/12
- Appendix 2: Internal Audit Action Plan for the Combined Team 2012/13