

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 13 MARCH 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **INTERNAL AUDIT CODE OF PRACTICE**

1.00 PURPOSE OF REPORT

- 1.01 To inform members of the level of compliance of the Internal Audit section with the current Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the UK.
- 1.02 To inform members of the results of the RSM Tenon review of the quality of audit files.
- 1.03 To inform members of the new Public Sector Internal Audit Standards, which will apply from April 2013 and replace the CIPFA Code of Practice.

2.00 BACKGROUND

CIPFA Code of Practice

- 2.01 In December 2006 CIPFA published an updated Code of Practice for Internal Audit departments operating within Local Government, including a checklist to show compliance with the Code of Practice. This is completed for Flintshire County Council on an annual basis. This is the last occasion, as the Code of Practice is being replaced by the new Standards, as outlined in para 2.05.
- 2.02 The checklist has now been completed again to show the up to date position. As Internal Audit forms part of the governance framework of the Council, this is part of the preparation for the Annual Governance Statement for 2012/13, which will be presented to the Committee in July 2013.
- 2.03 RSM Tenon Quality review

Wales Audit Office undertake an annual assessment of Internal Audit. They are required to consider whether the internal financial control arrangements for the Council are adequate, and Internal Audit is a key element of the system of internal control.

- 2.04 Although it is not a requirement for Internal Audit to receive a quality assurance review annually, one of the recommendations in the WAO report presented to the committee in June 2012 was that the Head of Finance should consider requesting RSM Tenon to perform an independent quality assurance review of Internal Audit in accordance with the provisions of Flintshire's Internal Audit manual. RSM Tenon has carried out a review to assess the quality of audit files and reports.

Public Sector Internal Audit Standards

- 2.05 These new standards were published in December 2012. They will apply across the public sector – Central Government departments including Scotland, Wales and Northern Ireland, Local Authorities across the UK, the NHS, Police and Fire Authorities and National Parks.
- 2.06 The standards are based upon the Chartered Institute of Internal Audit standards and will come into force in April 2013. However, the guidance on applying them within Local Government has not yet been issued, but is due in March.

3.00 CONSIDERATIONS

CIPFA Code of Practice

- 3.01 The completed checklist attached as Appendix 1 shows a high level of compliance with the Code of Practice, with just a few areas of partial or non compliance. These include the need to link audit findings back to the SARC to provide assurance to the Authority that actions are effective. This will be progressed in 2013/14.

RSM Tenon Quality Review

- 3.02 The review found that the department would benefit from a greater degree of oversight and check of the files by the Audit Manager and Principal Auditors, and that further training the RSM Tenon audit tools should be offered to the auditors.
- 3.03 The review covered files produced when there was a vacancy in the internal audit management team. That vacancy was filled last summer, so that there is now a greater degree of management oversight. Appraisals have been completed which include training and development needs for each individual. These will be actioned.

Public Sector Internal Audit Standards

- 3.04 The standards that are already applied within the department to meet the current Code of Practice will mean a high level of compliance with the new standards. When the guidance is received further work will be done in assessing compliance and a report will be brought to the next committee meeting.

4.00 RECOMMENDATIONS

- 4.01 The committee is requested to note the report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None arising from this report.

6.00 ANTI POVERTY IMPACT

- 6.01 None arising from this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None arising from this report.

8.00 EQUALITIES IMPACT

- 8.01 None arising from this report.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None arising from this report.

10.00 CONSULTATION REQUIRED

- 10.01 None arising from this report.

11.00 CONSULTATION UNDERTAKEN

- 11.01 None arising from this report.

12.00 APPENDICES

- 12.01 Appendix 1 - CIPFA Code of Practice checklist.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

Contact Officer: David Webster
Telephone: 01352 702248
Email: david.webster@flintshire.gov.uk