

## **TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE**

**24<sup>th</sup> June 2010**

### **Internal Audit Annual Report 2009/2010**

#### **Report of the head of internal audit**

##### **1. Introduction**

1.1 The purpose of this report is to provide details of the performance of the internal audit service provided to the Joint Committee during the year and to give an overall opinion of the soundness of the internal control environment in relation to the Joint Committee.

##### **2. Internal Audit - Performance 2009/2010**

###### *2.1 Summary of Work Carried Out*

2.1.1 The Internal Audit Operational Plan for the year in relation to the Joint Committee included one audit, that being the annual review of the governance arrangements in place which is required to enable the head of internal audit to complete an element of the 'small bodies annual return', a requirement of the Accounts and Audit Regulations. This audit was completed early in the year with two low risk recommendations being made and agreed. One of these had already been implemented, the other has not required implementation as yet.

2.1.2 The draft report for this audit was issued within 3 days of the completion of the fieldwork, which is well within the target of 10 days. The time taken between the start and the completion of the audit was also within the target set (5 days against a target of 8 days).

###### *2.2 Quality Assurance*

2.2.1 The internal audit service operates a quality system which is certified to ISO 9001:2008. In July 2009 full re-accreditation was retained, which is required every three years. An external quality audit was carried out in January 2010 which concluded the service had maintained its management system in line with the requirements of the standard.

###### *2.3 Clients Views*

2.3.1 Post Audit Questionnaires are issued after every audit to elicit the client's opinion on a range of areas related to the way the audit was conducted using a scoring range of 1 (Good) to 4 (Poor) for each area.

2.3.2 Within the year one post audit questionnaire was issued in relation to an audit carried out for the Joint Committee. In all areas the score received was 1. For

information, the performance in this area for all clients who are provided with internal audit services from the City Council shows an average score of 1.1 (based upon 51 post audit questionnaires returned in total).

2.3.3 Internal Audit also took part in a user satisfaction survey run by the CIPFA benchmarking club. All clients who had received an audit report in the previous year were invited to complete a questionnaire which asked 35 questions covering Audit Services, Audit Staff, Conduct of Audits, Audit Reporting, and Customer Service. The questionnaire also asked for the respondent's overall rating of Internal Audit Services. The key results were as follows:

- In relation to the 35 questions, 4 received a performance rating of excellent with the rest receiving a rating of good.
- The overall average rating was Good.
- The scores received for the 35 questions were above the group average in all cases.

2.3.4 The overall performance score received was higher than all of the other authorities which took part in the survey (19 in all).

## 2.6 *Opinion of External Auditor*

2.6.1 The Audit Commission have carried out an independent review of the effectiveness of Internal Audit Services by reference to the CIPFA Code of Practice for Internal Audit. The Audit Commission's conclusion is that *"We found that there continues to be robust arrangements in place to comply with the Code's standards. Our detailed review of files did not highlight any significant non-compliance with IAS's Quality System or the Code"*.

## 3. **Conclusions**

3.1 This report provides details of the performance of the internal audit service and provides assurance that the service is being delivered in accordance with statutory responsibilities and is continually seeking to improve performance.

3.2 Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken within 2009/2010, it is considered that overall there remains a sound internal control environment in place in relation to the Joint Committee.

## 4. **Recommendation**

4.1 The Committee is asked to note this report.