

TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE
24th June 2010

ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT SERVICES
2009/2010

Report of the Treasurer to the Joint Committee

1. Purpose of Report

- 1.1 The purpose of this report is to set out the findings of the annual review of the effectiveness of Internal Audit, as required by the Accounts and Audit Regulations 2003 (as amended 2006).

2. Description of Decision

- 2.1 The Committee is asked to note the findings of the review for 2009/2010, set out in Section 4 of this report.

3. Background

- 3.1 The internal audit function in relation to the Joint Committee is undertaken by the Internal Audit service of Sunderland City Council, as lead authority.

- 3.2 The methodology for the 2009/2010 review is as follows:

- Sunderland City Council's Internal Audit service has undertaken a self-assessment against a checklist within the CIPFA Code of Practice. The self assessment was based upon how the service operates in general, regardless of the audit client;
- The self assessment was then independently reviewed by the Audit Commission, who carry out whatever testing they deem appropriate to verify the findings of the self-assessment;
- The Director of Financial Resources who acts as Treasurer to the Joint Committee considers the findings of both the self-assessment and the Audit Commission review and reports his findings.

- 3.3 The findings of the annual review of the effectiveness of internal audit will also be fed into the process for the production of the Annual Governance Statement.

4. Findings of the 2009/2010 Review

- 4.1 The checklist in the CIPFA Code of Practice has been used to undertake the self-assessment by the head of internal audit.
- 4.2 The self-assessment showed that the Internal Audit service continues to comply with the CIPFA Code.
- 4.3 The Audit Commission have reviewed the effectiveness of the Internal Audit service by reference to the CIPFA Code, the self-assessment and a review of a sample of audit files. The Audit Commission's conclusion is as follows:

"We found that there continue 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"

A copy of the letter from the Audit Commission setting out the above findings is attached at Appendix 1.

- 4.4 Having considered the detailed self-assessment, the findings of the Audit Commission's independent review and the Director of Financial Resource's cumulative knowledge of the service provided by Internal Audit Services it is considered that it is an effective service that meets the required standards.

Background Papers

CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.



21 April 2010

Paul Davies
Head of Audit and Procurement
(Audit & Procurement)
City Treasurer's Department
Civic Centre
SUNDERLAND
SR2 7DN

Dear Paul

Review of the effectiveness of Internal Audit Services

We have carried out a review of the effectiveness of Internal Audit Services (IAS) for 2009/10. The review included:

- an assessment of the IAS Quality System against the 2006 CIPFA Code of Practice for Internal Audit (the Code); and
- a detailed review of six Internal Audit Services' files, of which five were planned audits and one an unplanned fraud investigation.

We found that there continue 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.

We will provide you with a detailed report of our findings and conclusions shortly.

Yours sincerely

Gavin Barker
Senior Audit Manager

