

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

**Meeting: 12<sup>th</sup> November 2009**

### **Annual Review of Effectiveness of Internal Audit**

#### **Report of the Treasurer**

##### **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 Joint Committee is asked to consider the findings of the self-assessment and external review undertaken by the Audit Commission.

##### **3. Background**

- 3.1 The methodology for the review is as follows:

- Internal Audit Services undertake an annual self-assessment, based upon a checklist within the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (the CIPFA Code);
- The self assessment is then independently reviewed by the Audit Commission, who carry out whatever testing they deem appropriate to verify the findings of the self-assessment;
- The Treasurer considers the findings of both the self-assessment and the Audit Commission review, and reports his findings to the Joint Committee.

- 3.2 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 2008/2009 Review**

- 4.1 The checklist in the CIPFA Code has been used to undertake the annual self-assessment by the head of internal audit. The self-assessment concluded that the internal audit arrangements in place comply with the Code in full.

- 4.2 The Audit Commission have reviewed the effectiveness of internal audit 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.

- 4.3 Having considered the detailed self-assessment, the findings of the Audit Commission's independent review and 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.



8<sup>th</sup> May 2009

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

Dear Paul

**Review of effectiveness of Internal Audit Services**

We have carried out a review of the effectiveness of Internal Audit Services (IAS) for 2008/09. 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.

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

Lynn Hunt  
Audit Manager

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