

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 28th JANUARY 2014

CHANGES TO THE INTERNAL AUDIT CHARTER 2014/15 AND PUBLIC SECTOR INTERNAL AUDIT STANDARDS - ACTION PLAN FOR COMPLIANCE

REPORT OF THE CHIEF FINANCIAL OFFICER AND THE AUDIT & IG MANAGER

1 PURPOSE

- 1.1 To seek the approval of Members of the Audit Committee to the Internal Audit Charter for 2014/15 and for them to note the contents of the action plan to ensure compliance with the Public Sector Internal Audit Standards.

2 RECOMMENDATIONS

- 2.1 That Members of the Audit Committee:
- a) approve the Internal Audit Charter for 2014/15 attached as Appendix A; and
 - b) note the PSIAS Action Plan attached as Appendix B.

3 SUMMARY

- 3.1 The terms of reference of the Audit Committee include:
"The approval (but not direction) of and monitoring of progress against, the Internal Audit Charter and Plan". This report presents the Internal Charter for 2014/15 for approval. The 2014/15 Plan will be presented to the June 2014 Audit Committee.
- 3.2 The Chief Financial Officer (CFO) statutory responsibilities under s 151 of the Local Government Act 1972 and other associated legislation.

This includes the Accounts and Audit (England) Regulations 2011 which states as follows:

Internal audit

6. A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.

- 3.3 The Internal Audit standard setters for local government are CIPFA and from the 1st April 2013 the Public Sector Internal Audit Standards replaced the existing Code of Practice. The team has undertaken a detailed review of operations against the requirements of the Standard and identified some actions to ensure compliance. The Standards set out that the results of any such reviews are reported to the Audit Committee. Therefore attached as Appendix B is the action plan to achieve compliance.

4 PREVIOUS MINUTES

Audit Committee 28th March 2013 (2013/14 Internal Audit Plan and Charter and Information Governance Work Programme 2013/14)

5 **INFORMATION**

- 5.1 Internal Audit has a statutory obligation under legislation outlined in paragraph 3.2 above and is required under these regulations to follow proper practice – the Public Sector Internal Audit Standards (PSAIS) and the CIPFA Local Government Application Note.
- 5.2 As outlined in paragraph 3.3 the Public Sector Internal Audit Standards require the Council to have an Internal Audit Charter. The first Charter for 2013/14 was approved by the Audit Committee in March 2013 but the more detailed review of the requirements of the Standards and Application note identified further minor changes to the Charter. A revised draft is attached as Appendix A.
- 5.3 Also as outlined in paragraph 3.3 the team has undertaken a detailed review of operations against the Standards and Application Note. The outstanding actions are attached as Appendix B. Members will see that some will be completed by the end of the financial year but others have future implementation dates. The External Auditor will review compliance against the Standards in order to inform their opinion as to whether they place assurance and rely on the work of the team as part of their audit.

6 **OTHER CONSIDERATIONS**

AREA	COMMENTS
Equalities	During audit work any equality issues identified are reported to the appropriate level of management. The Charter recognises the Council's obligations under Equalities legislation and internal policies and how Internal Audit will meet them. The PSIAS and Application Note support the equalities agenda.
Environmental or Sustainability Impact	During audit work any environmental or sustainability issues identified are reported to the appropriate level of management.
Legal Implications	The legal implications are contained within the main body of this report. The Council is under a statutory obligation to follow proper practices in regard to revenue accounts and accounting for capital expenditure. The Secretary of State, in addition to the statutory requirements, has the power to specify particular guidance from bodies such as CIPFA which the authority must have regard to. Officers have prepared this report, including appendices, in consideration of the respective guidance.
Links with Council Priorities	Internal Audit work through the plan and charter supports all services in the delivery of the Council's priorities.
Financial Implications	The Internal Audit Service operates and delivers their plan, charter and compliance with the Standards from within existing budgets.
Opportunities and Risks	The role of internal audit includes a review of the controls in place to manage the risks within service areas. The reports produced assist the Council in improving systems and controls (reducing risks) and therefore the delivery of services and the achievement of objectives. The Audit Plan will be flexible in order to reflect the changing risks and priorities of the Council and will have an ongoing dialogue with stakeholders.
Ward Implications	Internal audit work covers all wards within the Borough.

7 **BACKGROUND PAPERS**

Internal Audit Charter 2013/14

Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013

CIPFA Local Government Application Note - April 2013