

CAMBRIDGE CITY COUNCIL

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REPORT OF: Director of Resources

TO: Civic Affairs Committee

27 June 2012

WARDS: All

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**ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2011 / 2012**

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**1 INTRODUCTION**

- 1.1 In accordance with the requirements of the Accounts and Audit Regulations 2011 the Council conducts an annual review of the effectiveness of internal audit to be considered as part of its governance assurance processes, including the production of the Annual Governance Statement.

**2 RECOMMENDATION**

- 2.1 Members are requested to consider and comment on the Review of the Effectiveness of Internal Audit 2011 / 2012.

**3 OVERALL OPINION**

- 3.1 **The report demonstrates that the Council has an effective system of internal audit including a policy framework, internal audit function, audit committee and effective management engagement.**

**4 INTERNAL AUDIT EFFECTIVENESS**

- 4.1 The Accounts and Audit Regulations require all Councils to annually review their systems of internal control and to provide an adequate and effective Internal Audit function.
- 4.2 These regulations were amended in 2011. This revision required that the council undertake an annual review of the effectiveness of its internal audit and to present the results of that review to the appropriate committee. Internal Audit is defined as the means by which the Council addresses its governance and assurance requirements, ensuring that an effective internal control system is in place. Outcomes from the current governance processes are evaluated and reported in the Annual Governance Statement.
- 4.3 To address the Accounts and Audit Regulations 2011 requirement, an assessment of Internal Audit has been carried out which is presented for consideration by the Audit

Committee. It contains an opinion on the effectiveness of the Internal Audit Service including a self-assessment against a number of publications produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). These include “*Code of Practice for Internal Audit in Local Government in the UK*” and the “*Statement on the Role of Head of Internal Audit*”.

- 4.4 The review was undertaken by the Chief Internal Auditor and the report (**Appendix 1**) is presented for Members’ consideration and comment.

## **5 CONCLUSION**

- 5.1 Consideration of a range of views on the system of Internal Audit operating within the Council during 2011 / 2012 indicates that this has been both appropriate and effective.

## **6 IMPLICATIONS**

- (a) **Financial Implications:** None
- (b) **Staffing Implications:** None
- (c) **Equal Opportunities Implications:** None
- (d) **Environmental Implications:** None
- (e) **Community Safety Implications:** None

**BACKGROUND PAPERS:** The following are the background papers that were used in the preparation of this report:

- Internal Audit Plans
- Internal Audit reports issued
- Internal Audit Terms of Reference
- Accounts and Audit (Amendment) (England) Regulations 2011
- Code of Practice for Internal Audit in Local Government in the UK, CIPFA
- Statement on the Role of the Head of Internal Audit, CIPFA

To inspect these documents contact Steve Crabtree on extension 8181.

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