

## AUDIT & GOVERNANCE COMMITTEE

2015

### Report of the Head of Internal Audit Services

#### REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL

##### EXEMPT INFORMATION

None

##### PURPOSE

To report on the effectiveness of the Council's System of Internal Control for the 2014/15 financial year.

##### RECOMMENDATIONS

That the Committee endorses the annual review of the effectiveness of the System of Internal Control for the 2014/15 financial year.

##### EXECUTIVE SUMMARY

Under the requirements of the Accounts and Audit (England) Regulations 2011, the Council must, at least once a year, conduct a review of the effectiveness of system of internal control, and the findings of the review must be considered by the members of the body meeting as a whole or by a committee.

The following is suggested to be a reasonable approach to take for the annual review of the effectiveness of the system of internal control:

- Carry out a self assessment of compliance with the Public Sector Internal Audit Standards (PSIAS) and prepare an action plan to address any areas of non-conformance;
- Report upon performance indicators collected in respect of the Internal Audit Service;
- Undertake a self-assessment of the effectiveness of the Audit & Governance Committee;
- Undertake a self-assessment against the CIPFA's Roles of the Chief Finance Officer and the Head of Internal Audit;
- Undertake a self assessment against the International Framework: Good Governance in the Public Sector.

Performance against the annual review is as follows:

- The Public Sector Internal Audit Standards came into force on the 1<sup>st</sup> April 2013, and as such, the first assessment along with an action plan to ensure conformance with the PSIAS was reported to this Committee on the 26<sup>th</sup> June 2014. A complete review against the standards has recently been completed and the action plan updated to reflect the current practice. The action plan is detailed in **Appendix 1**. The only item outstanding is for the determination of the external assessment process which must be conducted at least every five years. The Staffordshire Chief Auditors Group is currently evaluating the options available to ensure that a consistent approach can be adopted whilst obtaining value for money. A report back to this Committee will be made once clear options are identified.
- Performance indicators collected in respect of the Internal Audit Service are reported to this Committee on a quarterly basis and as such are not replicated in this report.
- The self assessment of the effectiveness of the Audit & Governance Committee was completed at the meeting of the 26 March 2015, with the results appended to this meeting's agenda.
- The self assessment against the CIPFA's Roles of the Chief Finance Officer and the Head of Internal Audit have been completed and no actions are arising.
- The self assessment against the International Framework; Good Governance in the Public Sector did not identify any actions arising.

## **RESOURCE IMPLICATIONS**

None

## **LEGAL/RISK IMPLICATIONS**

There is a risk of non-compliance with the Public Sector Internal Audit Standards

## **SUSTAINABILITY IMPLICATIONS**

None

## **BACKGROUND INFORMATION**

None

## **REPORT AUTHOR**

Angela Struthers, Head of Internal Audit Services

## **LIST OF BACKGROUND PAPERS**

Assessment against the PSAIS

Assessment against the CIPFA Role of the Chief Finance Officer

Assessment against the Role of the Head of Internal Audit

Assessment against the International Framework: Good Governance in the Public Sector

## **APPENDICES**

**Appendix 1 PSIAS Action plan**

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