

Bridgend County Borough Council - Audit Committee

21st March 2007

Report of the Chief Internal Auditor

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

PURPOSE OF REPORT

1. To update members on the most significant changes in the code of practice and to indicate where consequential changes to our internal audit are likely to be needed.

BACKGROUND

2. The Accounts and Audit Regulations (Wales) 2005 require that the Council maintain '...an adequate and effective system of internal audit ...in accordance with proper internal audit practices...'.
3. Related guidance issued by WAG went on to indicate that 'proper internal audit practices' referred to the Code of Practice in Local Government in the United Kingdom issued by CIPFA.
4. Similar requirements and guidance exist elsewhere in the UK and the Code of Practice has thus become the principal set of standards governing local government internal audit.
5. CIPFA keeps the Code of Practice under review and in December 2006 replaced its previous 2003 code.
6. Many of the changes are more of form rather than of substance but some of the more significant changes which will or are likely to changes to our approach and or documentation are discussed in the following paragraphs.

AUDIT STRATEGY AND PLANNING.

7. Traditionally audit plans have been covered a number of years and have attempted to cover all areas of operations in the period. However, in recent years much greater emphasis has been put on 'risk based' internal audit planning and as a result a debate has developed in the profession over the usefulness of multi-year audit plans.
8. In its 2006 Code CIPFA has resolved this issue by requiring that audit plans be for no more than one year.
9. In addition, greater emphasis is placed on the Audit Strategy including a requirement that it cover how internal audit will link to the Council's objectives and priorities.

HEAD OF INTERNAL AUDIT'S ANNUAL REPORT

10. The new 2006 Code is more prescriptive on the content of this report and most specifically will now have to include performance and compliance information alongside my Annual Audit Opinion.

PARTNERSHIPS

11. The new Code recognises the increasing role of Partnerships and encourages greater clarity in internal audit's role in providing or obtaining assurance from other auditors in respect of these.

INITIAL FINDINGS

12. Internal Audit is currently reviewing its arrangements against the code and while most changes will simply be internal to the department a few will require input or action by the committee. In particular :

- Amendments to the Audit Charter – these will be mainly questions of clarity and tidying up. I envisage bringing firm proposals to the next meeting of the committee.
- Endorsing the Audit Strategy – this is likely to be at the next meeting.
- Receiving the expanded Head of Internal Audit's annual report – likely to be in May.
- Endorsing the one year audit plan. - likely to be in May.

RECOMMENDATION

13. That members note the report.

Nyall Meredith

Chief Internal Auditor

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Background documents:

None