
INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE

1 INTRODUCTION

- 1.1 The Council's external auditor has identified that the current arrangements for reporting the outcome of internal audit work do not fully comply with the requirements of the Code of Practice for Internal Audit in Local Government in the United Kingdom (The Code). This report outlines how the Council might comply with this requirement.

2 RECOMMENDATION

- 2.1 To agree that a summary and action plan covering material and fundamental weaknesses for each internal audit be reported to the Audit Committee.

3 DETAIL

- 3.1 The Code requires the outcome from internal audit work to be reported to the audit committee in sufficient detail to allow the committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address.
- 3.2 Internal audit reports are not currently reported in full to the Audit Committee. Where agreed actions are not being implemented in accordance with the timescale laid out in action plans then this is reported as part of the audit follow up to the Audit Committee. This allows the Audit Committee to take a view on the adequacy of the internal control system in that where weaknesses are not being addressed this is flagged up to it.
- 3.3 Submitting each internal audit report to the Audit Committee could increase the amount of paper for each meeting by around 100/150 pages. If each internal audit report is to be submitted to the Audit Committee a balance needs to be struck between providing information to allow the Audit Committee to reach a view on the adequacy of the control framework and overloading it with paper.
- 3.4 The following proposal is recommended to address this matter:
- A brief summary will be completed for each internal audit report outlining the scope of the audit, the overall assessment of the controls in place and the material and fundamental weaknesses.
 - An action plan will be prepared and agreed for each audit covering the material and fundamental weaknesses.
 - The summary and action plan for each audit will be submitted to the Audit Committee. The role of the Committee is not to approve

or edit reports but to reach a view on the overall effectiveness of the control framework and identify any issues of concern to it.

- Minor weaknesses will be identified and reported to management by memo out with the formal audit report. An action plan for these will still be required and implementation of these will still be reviewed through the follow up procedures.

3.5 The external auditor has been consulted on the terms of this report and is content that the course of action recommended would meet the requirements of the Code.

4 CONCLUSION

4.1 Submission of a summary and action plan identifying material and fundamental issues to the Audit Committee for each internal audit will ensure the Council fully meets the terms of the Code.

IMPLICATIONS

Policy	Ensures compliance with the Code of Practice for Internal Audit in local Government in the United Kingdom.
Personnel	None
Legal	Ensures compliance with the Code of Practice for Internal Audit in local Government in the United Kingdom.
Financial	None
Equal Opportunities	None

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