

SERVICE REVIEW OF INTERNAL AUDIT

1. SUMMARY

A report was agreed by the Audit Committee on 11 December 2009 which outlined the reasons for undertaking a service review of internal audit and the proposed scope and timescale of a review. On 25 January 2010, a finalised Project Initiation Document (PID) was issued to the Project Board after an initial meeting held 22 January 2010. The PID was also provided to the Audit Committee 5 March 2010. The attached draft report in Appendix 1 provides a summary of the progress made to date with the service review.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and are to be followed up by Internal Audit.

3. DETAILS

3.1 It can be reported that of the 6 Project Stages outlined in the January PID, 3 have been completed with the fourth near completion. A timetable was outlined in the PID for the service review commencing in January 2010 with a final report detailing recommendations to the Project Board in May 2010. The completion date has moved to June/July for the final report.

3.2 The Environmental Scan has identified a number of challenges that the Council faces and it will be Internal Audit's role to assist the Council meet these. A Good Practice Review has been undertaken by KPMG which has found that Internal Audit delivers its services in accordance with the principles set out in the CIPFA Code of Practice and standards set by the Institute of Internal Auditors. However, one area of non compliance was identified. KPMG also undertook a benchmarking exercise covering cost, structure, staffing and processes undertaken by Internal Audit. KPMG have indicated that more work was required to confirm the results of the benchmarking review.

3.3 In order to obtain key stakeholder views on the current service and future expectations, a questionnaire was prepared for the following stakeholder groups:

- Members of the Audit Committee;
- Heads of Service and 3rd Tier Managers;
- External Audit; and the
- Strategic Management Team (SMT).

The scoring criteria used was a range from 1 strongly disagree to 5 strongly agree. The only stakeholder group to yet complete the questionnaire is the SMT and this will be done at a meeting in the near future.

- 3.4 Presently the information gathered from the completed project stages is beginning to outline a possible future strategy for the advancement of Internal Audit.

4. CONCLUSIONS

The final report will be submitted to the Audit Committee upon completion.

5. IMPLICATIONS

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| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

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