

1. INTRODUCTION

The establishment of an Audit Committee will raise the profile of the Council's Internal Audit Section. The Audit Committee will receive reports on Internal Audit's annual and three year plan, together with progress on audits and liaison between Internal Audit and External Audit. It is anticipated that the Audit Committee will play an active part in consideration of value for money studies and reports on performance indicators and quality achieved in the delivery of Council services, all of which, could have Internal Audit involvement.

The commencement of the Audit Committee would therefore be an opportune time to review the role of the Internal Audit Section with the presentation of a report to the Audit Committee outlining the current arrangements and raising issues for consideration on possible changes. It is also appropriate to consider the role of Internal Audit at this time as the Accounts Commission are currently conducting a review of Internal Audit arrangements within councils and hope to issue a national report in the spring of 2001. It would be desirable to run the review of Internal Audit in conjunction with the study carried out by the Accounts Commission. A best value service review has been scheduled for Internal Audit but has been deferred pending consideration of Accounts Commission work.

2. RECOMMENDATION

In order to bring an independent view to the review of the Internal Audit Section, it is recommended that the assistance of Dr Arthur Midwinter be secured. Dr Midwinter has made a presentation to members of the Audit Committee to assist with the formulation of an approach to the business of the Audit Committee and it would be very useful to build on this involvement with members.

As the Accounts Commission will not report on their study of Internal Audit arrangements formally until the spring of 2001, the review carried out by Dr Midwinter could be as follows :

Detailed Review

Obtain detailed information on current structure of Internal Audit, resources available, work plans, reporting arrangements and any other aspect relevant to the current delivery of the Internal Audit service and undertake discussions with Internal Audit staff to obtain their professional views on the current position.

Carry out consultation with users of Internal Audit service.

Compare current arrangements with other benchmarking or equivalent information available including CIPFA's Code of Practice on Internal Audit and identify possible areas for improvement.

Carry out an options appraisal for alternative service delivery arrangements e.g. partnership or outsourcing.

The review would be undertaken in a manner consistent with the principles of a best value service review. The approach outlined above includes elements of consultation, benchmarking and options appraisal. It would meet best value principles in terms of member and external involvement through consideration by the Audit Committee and the use of Dr Midwinter would bring an external expertise to the review.

Liaise with External Audit to ascertain preliminary findings from their review of the Council's internal audit arrangements.

Form initial view on recommendations for change and provide draft report to the Director of Finance and the Audit Committee.

Concluding Section

Immediately following the issue of the Accounts Commission report on Internal Audit arrangements within the Council and recognising the findings of that report, prepare a final report for the Director of Finance and the audit Committee with recommendations on alterations to the delivery of the Council's Internal Audit service which will lead to an improved delivery of service. It is anticipated that the report will be consistent with current best practice, CIPFA's Code of Practice, Dr Midwinter's own view based on experience and the Accounts Commission's report on Internal Audit arrangements.

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