

ITEM NO: 9

DECISION-MAKER:	AUDIT COMMITTEE		
SUBJECT:	AUDIT COMMISSION'S INTERNAL AUDIT ASSESSMENT 2006/07		
DATE OF DECISION:	28 TH JUNE 2007		
REPORT OF:	CHIEF INTERNAL AUDITOR		
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

The Audit Commission have completed their annual assessment of the performance of Internal Audit against the CIPFA Code of Practice for Internal Audit in Local Government [the CIPFA Code]. Their report concluded that the Council has made significant progress in improving its internal audit arrangements and the recommendations made in the 2005 review are almost fully implemented.

The CIPFA Code was revised in December 2006. The Audit Commission's report identifies the key areas to be addressed or full embedded to ensure internal audit is fully compliant with the revised Code.

RECOMMENDATIONS:

- (i) That the Audit Committee notes the Internal Audit Assessment report and the actions proposed by Internal Audit to ensure full compliance with the revised CIPFA Code of Practice for Internal Audit 2006.

REASONS FOR REPORT RECOMMENDATIONS

1. To put in place an action plan to ensure the Council's system of internal audit is delivered in accordance with the proper practice for internal audit (the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006) as required under the Accounts and Audit Regulations 2003 (as amended).

CONSULTATION

2. Consultation with the Audit Commission to agree the action plan.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. None

DETAIL

4. The Audit Commission undertook a full review of the Council's Internal Audit function in 2005 and concluded that Internal Audit only partly met the CIPFA Code 2003 and was not meeting the standard in relation to Audit Strategy. An action plan was put in place to address areas of non-compliance and significant changes took place within internal audit throughout 2006/07 in response. The Audit Commission has reported that *"In the two years since our previous review, the Council has made significant progress in improving its internal audit arrangements, and the recommendations we made at that time are now almost fully implemented"*.
5. The CIPFA Code was revised in December 2006. Internal audit undertook a self-assessment against the revised CIPFA Code 2006 in February 2007 and has put in place a new Action Plan that will ensure full compliance by December 2007.
6. The Audit Commission's latest review, carried out during March and April 2007, was against the revised CIPFA Code 2006. The Audit Commission's 2007 report concurs with the findings of internal audit's self-assessment and concludes that *"there are still some key areas to be addressed or fully embedded and this means that there are several of the CIPFA standards that internal audit has not yet fully complied with"*.
7. The Audit Commission's report, together with an action plan showing progress where this has already been made, is appended to this report.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

8. None

Revenue

9. None

Property

10. None

Other

11. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

12. The Accounts and Audit Regulations 2003 (as amended) require the Council to ensure that it maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices. The definition of internal audit and

accompanying standards for the professional practice of internal audit are contained within the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

Other Legal Implications:

13. None

POLICY FRAMEWORK IMPLICATIONS

14. None

SUPPORTING DOCUMENTATION

Appendices

1.	Audit Commission report: Internal Audit Assessment 2006/07
2.	

Documents In Members' Rooms

1.	None
2.	

Background Documents

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
2.		

Background documents available for inspection at: Internal Audit Office, North Block
Basement, Civic Centre

E-mail: sarah.l.dennis@southampton.gov.uk

FORWARD PLAN No:

N/A

KEY DECISION? N/A

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WARDS/COMMUNITIES AFFECTED:

Not applicable.