Cheltenham Borough Council
Audit Committee – 19th June 2013
Annual Effectiveness Review 2012-13

Accountable member	**Cabinet Member Corporate Services – Councillor Jon Walklett**
Accountable officer	**Head of Audit Cotswolds – Robert Milford**
Ward(s) affected	**All**
Key Decision	**No**
Executive summary	There is not a national measurement of effectiveness for internal audit, however, it is accepted that compliance with relevant standards does go some way to fulfil this requirement. This year due to the changes in the internal audit standards, this is the last year we will be assessed against the CIPFA 2006 code of practice for internal audit in local government. This assessment was reported to the Audit Partnership Board and to this committee timed to support the annual opinion report. For 2013-14 the new CIPFA Public Sector Internal Audit Standards will apply.
Recommendations	**That the Committee considers the report and makes comments as necessary.**

Financial implications	There are no direct financial implications arising from this report. **Contact officer: Mark Sheldon, Chief Finance Officer** **mark.sheldon@cheltenham.gov.uk,** **01242 264123**
Legal implications	None specific arising from the report recommendation. **Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01684 272012**
HR implications (including learning and organisational development)	No additional HR implications arising from this report. **Contact officer: *Julie McCarthy, GO Shared Service HR Manager (West)*** **julie.mccarthy@cheltenham.gov.uk,** **01242 26 4355**
Key risks	That non-compliance with internal audit standards may result in further work being required from the external auditor or other internal auditors in relation to the shared services.

Corporate and community plan Implications	*"Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." (Chartered Institute of Internal Auditing UK & Ireland).* Therefore the internal audit activity impacts on corporate and community plans.
Environmental and climate change implications	One of the specialist skills now provided by the service is that of environmental auditing. This would therefore aid the Council in its environmental and climate change objectives.

1. Background

1.1 The report outlines how the Internal Audit function complied with internal audit standards and therefore has supported the Council in meeting the requirements of Regulation 4 the Accounts and Audit Regulations 2011. These state that:

"The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."

"The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control."

1.2 The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 states that "The Head of Internal Audit must provide a written report to those charged with governance timed to support the Statement on Internal Control*"

*The Statement of Internal Control has been superseded by the Annual Governance Statement (AGS) and, as such, this report now relates to the AGS

2. Reasons for recommendations

2.1 The Accounts and Audit Regulations 2011 require this effectiveness review to be considered by this committee.

3. Annual Internal Audit Effectiveness Review Results

3.1 The results show a 96% full compliance and 4% partial with no instances of non-compliance. A complete table of the areas reviewed is shown in Appendix 1

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Appendices	Appendix 1 ~ Effectiveness Review 2012~13
Background information	None