

## **TAUNTON DEANE BOROUGH COUNCIL**

### **CORPORATE GOVERNANCE COMMITTEE 26TH JUNE 2008**

#### **REPORT OF THE STRATEGIC DIRECTOR (SA)**

This matter is the responsibility of Councillor Henley (Leader of the Council)

#### **REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT ARRANGEMENTS**

##### **Executive Summary**

This report updates the Corporate Governance Committee on the effectiveness of the internal audit service provided by the South West Audit Partnership during 2007/08.

#### **1. Background**

- 1.1 Internal Audit play a key role in the Councils internal control and governance arrangements. They provide assurance to members and stakeholders on all aspects of the Councils business set out in the Corporate Strategy.
- 1.2 This Councils internal audit function is delivered by the South West Audit Partnership (SWAP).
- 1.3 SWAP was formed in April 2005 to provide an effective internal audit service to Taunton Deane Borough Council and South Somerset District Council. During 2005/06, both Mendip District Council and West Somerset District Council joined SWAP. During 2007/08, Sedgemoor District Council and Somerset County Council joined the partnership.
- 1.4 The Partnership is operated as a Joint Committee – at which Taunton Deane is represented by two elected members.
- 1.5 Each year, authorities are required to review the effectiveness of their arrangements for the provision of internal audit services. This review must be carried out independently of the audit function, and report to those charged with governance arrangements – at Taunton Deane this is the Corporate Governance Committee.

## **2. Review Findings**

- 2.1 The Taunton Deane Borough Council review has been carried out by the Strategic Director Shirlene Adam. The findings have been taken into considerations by the corporate working group preparing the Annual Governance Statement – which this Committee consider later in this agenda.
- 2.2 The review looked not just at the audit service, but at the system of internal audit, including the staffing arrangements, the audit strategy and planning, the approach to risk, and the quality and effectiveness of reporting (all as recommended by the CIPFA Code of Practice for Internal Audit).
- 2.3 The review concluded that the internal audit team performed well, in terms of delivery against audit plan and customer feedback. This view is supported by our external auditors.

- 2.4 Some headlines from the review include:-

Managed Audits completed in year compared to plan	100% (8 out of 8)
Audits completed in year compared to plan	93% (13 out of 14)

- 2.5 There are some areas for focus during 2008/09. The priority areas are:-
1. To implement an audit recommendation management software package across all partners. This is already in place at SCC and when rolled out across other partners, will enable clients to access, manage and monitor audit recommendations online.
  2. To develop a clear business plan for the 2<sup>nd</sup> 5-year phase of the Partnership.
  3. To ensure the risk management framework recently implemented is embedded in the governance arrangements of the partnership.

## **3. Recommendation**

- 3.1 The Corporate Governance Committee is requested to note the findings of the review of the effectiveness of internal audit 2007/08.

### **Contact Officer:-**

Shirlene Adam

Strategic Director, 01823 356310, [s.adam@tauntondeane.gov.uk](mailto:s.adam@tauntondeane.gov.uk)