

**27 September 2019**

**Annual Review of the System  
of Internal Audit**



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**Joint Report of**

**Ian Thompson, Corporate Director of Regeneration and Local  
Services**

**John Hewitt, Corporate Director of Resources and Treasurer to the  
Joint Committee**

**Electoral division(s) affected:**  
Countywide

**Purpose of the Report**

1. The purpose of this report is to advise the Joint Committee of a review of the effectiveness of the Durham County Council Internal Audit Service, which was carried out by the County Council's Audit Committee in June 2019.

**Executive Summary**

**Conformance with UK Public Sector Internal Audit Standards  
(PSIAS)**

2. In April 2013, the Public Sector Internal Audit Standards (PSIAS) became effective. The standards apply to Internal Audit in all parts of the public sector in the UK and are mandatory. The standards are intended to reflect that "a professional, independent and objective internal audit service is one of the key elements of good governance". The standards were revised from 01 April 2017 and it is these standards that Internal Audit works to.

**Summary of the outcomes from the review carried out by DCC  
Audit Committee**

3. The Audit Committee considered, at its meeting on 28 June 2019, a report presented by the Chief Internal Auditor and Corporate Fraud Manager that provided evidence on the effectiveness of the service during 2018/19. This took the form of a self-assessment against the key elements of the PSIAS and considered the following current arrangements for Internal Audit:

- The structure and resourcing level, including qualifications and experience of the audit team.
  - The extent of conformance with the PSIAS in producing quality work.
  - Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis.
  - The overall performance of the Internal Audit team.
4. For 2018/19 this demonstrated that the Section was conforming to the Code's requirements and was based on the revised PSIAS brought into effect on 01 April 2017.

### **Recommendation**

5. The Joint Committee is asked to note:
- The information provided that demonstrates the efficiency and effectiveness of the Durham County Council Internal Audit Service.

## **Background**

6. The Joint Committee's internal audit provider is Durham County Council Internal Audit Services. The service is delivered in accordance with a Service Level Agreement (SLA) approved by the Joint Committee in September 2016.
7. In order to place reliance on the work of internal audit, and the annual audit opinion provided through it on the adequacy and effectiveness of the control environment operating across the Joint Committee, it is important that the Joint Committee is assured that the service is effective.
8. Under the Accounts and Audit Regulations 2015, Durham County Council as a large public body is required to carry out an annual review of the effectiveness of its Internal Audit Service. Whilst there is no such legal requirement for the Joint Committee as a small body under these regulations to do likewise, assurance can be provided on the effectiveness of the service provided to the Joint Committee from this review.

## **Other useful documents**

Report to DCC Audit Committee 28 June 2019.

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## **Appendix 1: Implications**

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### **Legal Implications**

Completion of the self-assessment review ensures compliance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

### **Finance**

The broad programme of work undertaken by Internal Audit supports the Joint Committee in maintaining safe and efficient arrangements for the proper administration of its financial affairs Consultation

### **Equality and Diversity / Public Sector Equality Duty**

There are no implications

### **Human Rights**

There are no implications

### **Crime and Disorder**

There are no implications

### **Staffing**

As identified in the report

### **Accommodation**

There are no implications

### **Risk**

There are no implications

### **Procurement**

There are no direct risk implications arising for the Joint Committee as a result of this report, although we aim through our planning arrangements to review the adequacy and effectiveness of the risk management arrangements in place.