



Mountsett Crematorium Joint Committee

28 September 2016

Annual Review of the System of Internal Audit



Joint Report of Oliver Sherratt – Interim Corporate Director: Neighbourhood Services; Paul Darby – Interim Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. The purpose of this report is to advise the Joint Committee of a review of effectiveness of the Durham County Council Internal Audit Service, which was carried out by the County Council's Audit Committee in July 2016.

Background

2. 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 January 2014.
3. 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.
4. Under the Accounts and Audit Regulations 2011, 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.

Conformance with UK Public Sector Internal Audit Standards (PSIAS)

5. In April 2013, the Public Sector Internal Audit Standards (PSIAS) became effective. These 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".
6. The PSIAS introduced a requirement for an external assessment of an organisation's internal audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

7. Durham County Council, Newcastle City Council, South Tyneside Council and North Tyneside Council group have established a 'peer-review' process that is managed and operated by the constituent authorities. This process addresses the requirement of external assessment by 'self-assessment with independent external validation' and this report presents the summary findings of the review carried out on behalf of Durham County Council.
8. The outcome of this assessment is attached as Appendix 2.

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

9. The Audit Committee considered a report presented by the Chief Internal Audit and Fraud Manager that provided evidence on the effectiveness of the service during 2015/16, that incorporated the outcomes of the external assessment. Having considered the evidence, the Committee concluded that sufficient assurance had been provided that the service was effective. In reaching this conclusion regarding the current arrangements for Internal Audit, the Committee considered:
 - 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.

Other Relevant Performance Indicators

10. Following each annual audit, a post audit satisfaction survey is issued to the Crematorium Superintendent. The feedback from the 2015/16 audit returned an average score of 5 where 1 is very poor and 5 is very good.

Recommendation and Reasons

11. 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 Documents

Report to DCC Audit Committee 29 July 2016

Appendix 1: Implications

Finance

None

Staffing

None

Risk – Not a key decision

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Issues

None

Legal Implications

Compliance with the Account and Audit Regulations 2011