

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**  
**17<sup>th</sup> MARCH 2008**

**INTERNAL AUDIT - COMPLIANCE WITH THE**  
**CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT**

<b>OPEN</b>	
<b>COMMUNITY STRATEGY THEME</b>	Internal Organisational Theme
<b>CORPORATE THEME:</b>	Improving Corporacy & Performance
<b>KEY PRIORITY:</b>	Financial and Asset Management
<b>STRATEGY:</b>	Audit resource
<b>CABINET MEMBER:</b>	Councillor John Holden
<b>RESPONSIBLE OFFICER:</b>	Financial Services Manager
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<b>APPENDIX 1</b>	Internal Audit - Compliance with CIPFA Code of Practice for Internal Audit

**1. PURPOSE OF REPORT**

- 1.1 To inform members of how the Internal Audit section complies with the CIPFA Code of Practice for Internal Audit, attached as Appendix 1.

**2. RECOMMENDATION**

**The Audit Committee is asked to NOTE and APPROVE:**

- 2.1 **The completed checklist showing Internal Audit – Compliance with the CIPFA Code Practice for Internal Audit, as detailed in the Appendix to the report.**

**3. BACKGROUND**

- 3.1 The Council is required to comply with the Accounts and Audit Regulations 2003 (as amended in 2006). These require that the Council must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.
- 3.2 The guidance accompanying the legislation states that the proper internal control practice for internal audit are those contained within the CIPFA Code of Practice for Internal Audit 2006.
- 3.3 The Code sets out the definitions and principles which establish how a professional internal audit service should operate in the modern local government context. The code also mentions that “Internal audit has to be judged not just by its adherence to the Code, but also by its contribution to the organisation that it serves”.

#### **4. KEY ISSUES**

- 4.1 Legislation requires that the CIPFA Code of Practice for Internal Audit is complied with and procedures are monitored to ensure that the internal audit section procedures remain compliant.
- 4.2 If the section is not compliant with the Code of Practice then the council's external auditors would be unable to place reliance on the work of the internal audit section which would necessitate additional work to be undertaken by them resulting in additional cost to the Council.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications arising from this report.

#### **6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 The Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment)(England) Regulations 2006 section 6(1) require that:

“A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.”

#### **7. RISK MANAGEMENT**

- 7.1 In order to comply with the appropriate legislation the internal audit section operates in accordance with the CIPFA code. The arrangements are continually monitored to ensure compliance. If the section is not compliant then the council's external auditors would be unable to place reliance on the work of the internal audit section which would necessitate additional work to be undertaken by them resulting in additional cost to the Council.
- 7.2 The Internal Audit service is one element of the Council's assurance/internal control framework.

#### **8. CONCLUSION**

- 8.1 The Internal Audit section complies with the CIPFA Code of Practice for Internal Audit. These requirements are monitored to ensure continual compliance.

#### **9. CONSULTEES**

- 9.1 None

#### **10. BACKGROUND PAPERS**

None