

ANGUS COUNCIL

AUDIT SUB-COMMITTEE – 26 October 2004

REVIEW OF INTERNAL AUDIT & UPDATE OF STRATEGIC FRAMEWORK DOCUMENTS

REPORT BY DIRECTOR OF FINANCE

**ABSTRACT**

This report provides the outcome of the review of Internal Audit arrangements, updates on the anti-fraud strategy documents and the strategic framework within which Internal Audit operates.

**1. RECOMMENDATIONS**

It is recommended that the Audit Sub-Committee agree the following updated strategic documents:-

- a) The updated Financial Regulation for Internal Audit ([Appendix I](#))
- b) The revised terms of reference for the Internal Audit Service ([Appendix II](#))
- c) The Chief Internal Auditor's Strategy for delivering the Internal Audit Service ([Appendix III](#))
- d) The Anti-fraud Strategy with related documents covering Whistleblowing; Fraud Guidelines and Response Plan; HB/CTB Prosecution Policy and Code of Practice on Data Matching ([Appendices IV, V, VI, VII & VIII](#))

and the Sub-Committee note that all updated documents will be included within the Financial Regulations.

**2. INTRODUCTION**

Report 1227/03 to the Audit Sub-Committee of 23 October 2003 indicated that, in relation to the new CIPFA Code, the Director of Finance would review the overall arrangement of Internal Audit and the Chief Internal Auditor would review the various strategic framework documents under which the Internal Audit Service operates. This report provides the outcomes of those reviews and presents updated strategic documents.

Subsequent to this, External Audit have issued their follow-up report on the performance of the Internal Audit section. This report is included in agenda item 4 and should be read in conjunction with this report.

**3 INTERNAL AUDIT OVERALL ARRANGEMENTS**

The intended review of the overall arrangements of internal audit was taken forward in conjunction with the external audit follow-up report of "A Job Worth Doing" Changes made in relation to the outcome of the follow up review are discussed in more detail in report 1232/04 to this sub-committee and the revised arrangements are reflected in the Internal Audit Terms of Reference attached to this report.

**4. STRATEGIC FRAMEWORK DOCUMENTS**

The CIPFA Code requires that Terms of Reference for the Internal Section and the Chief Internal Auditors Strategy for delivering the service are agreed by Council. In light of this the opportunity has been taken to revise the existing agreed Audit Charter (which contained the Terms of Reference) to more closely align with the Code and to reflect the change of focus to provision of governance and controls assurances. Accordingly, two new documents replace the current Charter as follows:-

Terms of Reference (Appendix II) – detailing responsibilities and objectives; organisational independence and accountability; reporting lines and relationships; access rights; fraud and corruption and provision of consultancy services

Chief Internal Auditors Strategy (Appendix III) - detailing methods of service delivery; provision of assurances; skills and resource requirements, balance of work and audit report arrangements.

## **5. ANTI-FRAUD SUITE**

As part of the overall review, the opportunity was taken to review and update the Anti-Fraud Strategy and related documents. Updated documents are presented as follows:-

Anti Fraud Strategy – Appendix IV  
Whistleblowing Policy for Third Parties – Appendix V  
Fraud Guidelines and Response Plan – Appendix VI  
HB/CTB Prosecution Policy – Appendix VII  
Code of Practice on Data Matching – Appendix VIII

In addition, the Employee Whistleblowing Policy was reviewed with the Personnel Services Manager but no amendments required.

## **6. FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

## **7. HUMAN RIGHTS IMPLICATIONS**

There are no human rights implications arising from this report.

## **8. CONSULTATION**

The Chief Executive and Director of Law and Administration have been consulted in the preparation of this report.

David S Sawers  
Director of Finance

NOTE: No background papers, as defined by Sections 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

JW 22/9/04