

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 22 May 2013

Subject: Audit Scotland - Review of Adequacy of Internal Audit Arrangements

1. Purpose

- 1.1** The purpose of this report is to advise the Committee of the External Auditor's assessment of the adequacy of the Council's Internal Audit arrangements.

2. Recommendations

- 2.1** It is recommended that Members note the contents of this report.

3. Background

- 3.1** Audit Scotland's Code of Audit Practice sets out the wider dimension of public sector audit and requires the external auditor to undertake an annual assessment of the adequacy, strengths and weaknesses of the internal audit function. In addition, based on this assessment, areas are outlined where Audit Scotland, in their capacity as the Council's External Auditors, plan to place formal reliance on the work of Internal Audit.

4. Main Issues

- 4.1** Audit Scotland has issued a letter (see Appendix A) which sets out the nature of the review and raises a number of points. The Council's response to these points is included at Appendix B.

- 4.2** As is noted in Appendix A, External Audit intends to place reliance on the work of Internal Audit in the following areas:

- Payroll;
- General ledger;
- Non-domestic rates liability;
- Housing rents arrears and collection;
- Council tax billing; and
- Treasury management.

A review of the Internal Audit files for these areas has been carried out by External Audit.

5. People Implications

5.1 There are no personnel issues.

6. Financial Implications

6.1 There are no financial implications.

7. Risk Analysis

7.1 Failure to ensure that adequate Internal Audit arrangements are in place may result in External Audit being unable to place reliance on the work performed within individual Internal Audit assignments.

8. Equalities Impact Assessment (EIA)

8.1 There are no issues identified.

9. Consultation

9.1 This report has been subject to a check by Legal, Democratic & Regulatory Services.

10. Strategic Assessment

10.1 This report relates to all five of the Council's Strategic Priorities.

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Date: 1 May 2013

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Appendices: A – Audit Scotland Letter - Review of Adequacy of Internal Audit Arrangements
B – Council response to Audit Scotland's letter

Background Papers: Public Sector Internal Audit Standards

Wards Affected: All Wards