



WALES AUDIT OFFICE

SWYDDFA ARCHWILIO CYMRU

Assessment of Internal Audit

Gwynedd Council

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Status of report

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Contents

Detailed report

Gwynedd Council has an effective Internal Audit Service which complies with the standards of the CIPFA Code of Practice for Internal Audit, except for the independence standard	4
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Appendices

Internal Audit standards and aspects	6
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Detailed report

Gwynedd Council has an effective Internal Audit Service which complies with the standards of the CIPFA Code of Practice for Internal Audit, except for the independence standard

1. The Code of Audit Practice issued by the Auditor General and the International Standard on Auditing 610 requires us to consider whether the internal financial control arrangements of Gwynedd Council (the Council) are adequate. As internal audit is a key element of the system of internal control, it is relevant to our work as the auditor.
2. In order for us to use the work of internal audit, it is necessary for us to evaluate its work to determine its adequacy for the purposes of our audit. Consequently we complete a general evaluation against relevant internal audit standards. We do not carry out this evaluation to provide assurance to the audited body about its internal audit function and the results should not be relied on for that purpose.
3. For the purposes of our audit we have assessed internal audit against its professional standards as set out in the Chartered Institute of Public Finance Accountancy's (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the Code). Where, for the purposes of the audit, these standards are met, we will seek to rely on their work when documenting or testing the Council's financial systems as part of our accounts audit; although any work completed by them will have to be reviewed. Further information on the individual aspects covered by each standard can be found in [Appendix 1](#).
4. Our assessment of Internal Audit's performance against each of the standards is set out in Exhibit 1.

Exhibit 1: Internal Audit complied with most aspects of the standards

Standard and aspects		Standard met/Comment
1	Scope of Internal Audit	Yes
2	Independence	Partly. The Head of Internal Audit also has operational responsibility for risk, insurance and benefits fraud and is the Council's deputy Section 151 officer. This is not consistent with the standard, which states that the Head of Internal Audit should have no operational responsibility. We understand that the Council does not intend to change the role of the Head of Internal Audit and will manage this risk. However, Internal Audit will not fully comply with this standard whilst this operational arrangement is in place.
3	Ethics for internal auditors	Yes

Exhibit 1: Internal Audit complied with most aspects of the standards		
4	Audit Committee	Yes
5	Relationships	Yes
6	Staffing, training and continuing professional development	Yes
7	Audit strategy and planning	Yes
8	Undertaking audit work	Yes
9	Due Professional Care	Yes
10	Reporting	Yes
11	Performance quality and effectiveness	Yes

Appendix 1

Internal Audit standards and aspects

Standard and aspects	
1	Scope of Internal Audit <ul style="list-style-type: none">• Terms of reference• Scope of work• Other work• Fraud and corruption
2	Independence <ul style="list-style-type: none">• The principles of independence• Organisational independence• Status of the Head of Internal Audit• Independence of individual internal auditors• Independence of Internal Audit contractors• Declaration of interest
3	Ethics for internal auditors <ul style="list-style-type: none">• Purpose• Integrity• Objectivity• Competence• Confidentiality
4	Audit Committee <ul style="list-style-type: none">• Purpose of the Audit Committee• Internal Audit's relationship with the Audit Committee
5	Relationships <ul style="list-style-type: none">• Principles of good relationships• Relationships with management• Relationships with other internal auditors• Relationships with external auditors• Relationship with other regulators and inspectors• Relationships with elected members
6	Staffing, training and continuing professional development <ul style="list-style-type: none">• Staffing Internal Audit• Training and continuing professional development
7	Audit strategy and planning <ul style="list-style-type: none">• Audit strategy• Audit planning

Standard and aspects

8	Undertaking audit work <ul style="list-style-type: none">• Planning• Approach• Undertaking audit assignments
9	Due Professional Care <ul style="list-style-type: none">• Principles of Due Professional Care• Responsibilities of the individual auditor• Responsibilities of the Head of Internal Audit
10	Reporting <ul style="list-style-type: none">• Principles of reporting• Reporting on audit work• Follow up audits and reporting• Annual reporting and presentation of audit opinion
11	Performance quality and effectiveness <ul style="list-style-type: none">• Principles of performance quality and effectiveness• Quality assurance and audit work• Performance and effectiveness of the audit service



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