JOINT INDEPENDENT AUDIT COMMITTEE
8 SEPTEMBER 2015

SUBJECT	**INTERNAL AUDIT: ANNUAL REPORT 2014/15 AND PROGRESS REPORT 2014/15**
REPORT BY	**CHIEF FINANCE OFFICER AND FORCE CHIEF FINANCE OFFICER**
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SUMMARY AND PURPOSE OF REPORT To receive the updated Internal Audit Annual Report 2014-15 and an update on progress with the 2014/15 Internal Audit Plan.	
RECOMMENDATIONS	That: 1. the updated Internal Audit Annual Report 2014/15 at Appendix A be noted; 2. the Internal Audit Progress Report at Appendix B be noted.

A. SUPPORTING INFORMATION

1. The Financial Management Code of Practice for the Police Service of England & Wales (October 2013), issued by the Home Office, states that the "Police & Crime Commissioner (PCC) and the Chief Constable (CC) are required to maintain effective internal audit of their affairs by the Accounts and Audit (England) Regulations 2011 and the Accounts and Audit (Wales) Regulations 2005. In fulfilling this requirement the PCC and CC should have regard to the Public Sector Internal Audit Standards (PSIAS) issued by CIPFA as the relevant internal audit standards setter for local government and police. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements".

2. A copy of Baker Tilly's Internal Audit Annual Report for 2014/15 is attached at **Appendix A.** The report has been updated to reflect the final opinions with regard to: Asset management, Cash, banking and treasury management, Payments and creditors and Follow up audits. The Collaboration: Innovation Fund audit is still in 'draft' format.

3. A copy of Baker Tilly's Internal Audit Progress Report for 2014/15 is attached at **Appendix B**. The report has been updated with regard to the 'Follow up' audit. Members will note 'reasonable progress in implementing actions agreed to address internal audit recommendations'.

B. FINANCIAL CONSIDERATIONS

The contract with Baker Tilly was based on 157 days per annum at £54,793 for 2014/15.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

The provision of internal audit services is one of the means by which the Police and Crime Commissioner discharges his responsibilities to secure the maintenance of an efficient and effective police force under section 1 (6)(b) of the Police Reform and Social Responsibility Act 2011, and the Chief Finance Officer meets her responsibilities under section 151 of the Local Government Act 1972, section 73 of the Local Government Act 1985 and section 112 of the Local Government Finance Act 1988 for ensuring the proper administration of the Commissioner's financial affairs.

The PCC, in liaison with the CC, is required, under part 2 of the Accounts and Audit (England) Regulations 2011, to make provision for internal audit, as follows:

A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.

D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES

(including any impact or issues relating to Children and Young People)

There are no specific issues arising from the report.

E. REVIEW ARRANGEMENTS

The Committee will be kept informed of Internal Audit Work throughout the year.

F. RISK MANAGEMENT

The risks are detailed within the appendices to this report.

G. PUBLIC ACCESS TO INFORMATION

Information in this report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.