

Subject: Annual Internal Audit Report
2009/10

Status: For Publication

Report to: Audit and Accounts Committee

Date: 29th June 2010

Report of: Head of Internal Audit

Portfolio

Holder: Finance and Resources

Key Decision: No

1. PURPOSE OF REPORT

1.1 The Audit and Accounts Committee's Terms of Reference require it to advise the Council on the planned activity and results of internal audit. The Committee will, on a periodic basis, consider the Head of Internal Audit's annual opinion and report.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Failure to comply with the CIPFA Code of Practice for Internal Audit in Local Government in the production of an annual report would undermine confidence in the unit and its ability to provide the Authority with the necessary level of assurance in relation to their business risks.
- The report enables the Leader and Chief Executive to report in the Annual Governance Statement.
- The report ensures the Council is able to progress in matters of Financial Management and therefore improve its scoring in the Use of Resources assessments.

4. BACKGROUND AND OPTIONS

4.1 The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 states that the Head of Internal Audit's formal annual report to the organisation should:

- (a) include an opinion on the overall adequacy and effectiveness of the organisation's internal control environment;
 - (b) disclose any qualifications to that opinion, together with the reasons for the qualification;
 - (c) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
 - (d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the statement on internal control;
 - (e) compare the work actually undertaken with the work that was planned and summarise the performance of the Internal Audit function against its performance measures and targets; and
 - (f) comment on compliance with these standards and communicate the results of the Internal Audit quality assurance programme.
- 4.2 The annual report to the Authority meets those requirements and is attached in Appendix A.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 The report acknowledges that the council's internal control environment, taken as a whole, is adequate and generally effective with no significant issues identified.
- 5.2 The report also recognises that whilst improvements are still required, internal audit have identified good areas of effective control and that good progress has been in implementing previous recommendations.
- 5.3 This report therefore provides a key piece of evidence in the completion of the council's Annual Governance Statement.

6. MONITORING OFFICER

- 6.1 The annual internal audit report is a statutory document and the council is legally obliged to consider it.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 7.1 No human resource implications.

8. CONCLUSION

- 8.1 The annual report is an independent and objective opinion on the adequacy of the Council's control environment.

8.2 The annual report concludes that the council's internal control environment, taken as a whole, is adequate and generally effective. An overall substantial assurance has been provided over the internal control environment.

9. RECOMMENDATION(S)

9.1 Members are asked to consider the internal audit annual report for the period 1 April 2009 to 31 March 2010.

10. CONSULTATION CARRIED OUT

10.1 Directors and Heads of Service (relevant to the individual audit review).

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required No

Is an Equality Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

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Background Papers	
Document	Place of Inspection
Accounts and Audit Regulations 2003 (amended) – Statutory Instrument	Financial Services
Accounts and Audit Regulations 2003 (amended) – Guidance	Financial Services
Code of Practice for Internal Audit in Local Government in the United Kingdom, CIPFA 2006	Financial Services
Internal Audit Reports	Financial Services
Local Government Act 1972 (Section 151)	Financial Services