

REPORT FOR DECISION

MEETING: **AUDIT COMMITTEE**

DATE: **22nd JUNE 2010**

SUBJECT: **INTERNAL AUDIT ANNUAL REPORT AND REVIEW
OF THE EFFECTIVENESS OF INTERNAL CONTROL
2009/10**

REPORT FROM: **HEAD OF INTERNAL AUDIT**

CONTACT OFFICER: **BARRIE STROTHERS**

TYPE OF DECISION: Non key.

**FREEDOM OF
INFORMATION/STATUS:** For publication.

SUMMARY: This report summarises the work undertaken by the Section in the financial year 2009/10, comparing it to the Audit Plan for the year. It contains an "Audit Opinion" which assesses the authority's control framework, finding it to be robust. Members are also updated on some of the issues facing the Internal Audit service in the current year.

**OPTIONS &
RECOMMENDED OPTION**

Members can accept or reject the conclusions reached in the report, or can ask for it to be revised.

Based on the evidence provided Members are recommended to accept the report, and to endorse its suitability in support of the Governance Statement for 2009/10.

IMPLICATIONS:

**Corporate Aims/Policy
Framework:**

Do the proposals accord with the Policy Framework? Yes

**Financial Implications and Risk
Considerations:**

See Statement by Director of Finance and E-Government.
There are no direct financial or risk implications arising from the report.

**Statement by Director of Finance
and E-Government:**

The work of the Internal Audit section is an essential element of the framework by which I discharge my obligations under s151 of the Local Government Act 1972. The opinion

given by the Head of Internal Audit on the control framework provides assurance that key controls are operating to an acceptable standard.

The Annual Report and Opinion, (see Para 3) reminds Members of the nature of testing – it covers a proportion of Council activities at a particular point in time. There is, therefore, always a risk that weaknesses in control may have developed that have not yet been identified.

- Equality/Diversity implications:** No
- Considered by Monitoring Officer:** Yes. The Internal Audit Annual Report complies with statutory requirements.
- Are there any legal implications?** Yes. (see Appendix B paragraphs 1.2, 6.1 and 10.2)
There are no direct resource implications arising from the report.
- Staffing/ICT/Property:** The work of Internal Audit impacts on all of the Council’s wards and Area Boards.
- Wards Affected:**
- Scrutiny Interest:** None.

TRACKING/PROCESS

DIRECTOR:

Chief Executive/ Management Board	Executive Member/Chair	Ward Members	Partners
Scrutiny Commission	Executive	Committee	Council
		Audit 22/6/10	

1.0 BACKGROUND

1.1 Members of the Audit Committee are actively involved in overseeing Internal Audit work – approving the annual plan, scrutinising reports, and monitoring progress. The Annual Report was introduced in 1999 and is now a regular feature, providing an opportunity to recap the performance of Audit over the whole (completed) year, and to take stock.

2.0 ISSUES

2.1 The Review of the Effectiveness of Internal Audit (attached as Appendix A) gives us the opportunity to consider what constitutes the system of internal audit in its widest sense and determine how effective it is. Significant resources are used in maintaining such systems and it is essential to review them.

- 2.2 The Annual Report (attached, Appendices B, C and D) examines the overall position with regard to systems and controls, having regard to the risks involved.
- 2.3 It is intended that the report will form part of the assurance Members are now required to seek under the provisions of the Accounts and Audit Regulations 2006. They will draw upon assurances gathered from various sources in order to fulfil the Council's obligation to issue a Governance Statement.

3.0 CONCLUSION

- 3.1 The report concludes that the planned work for 2009/10 was completed to a satisfactory degree and to an acceptable standard.
- 3.2 The report also concludes that the authority has a robust internal control framework and effective governance arrangements.

List of Background Papers:-

Internal Audit Annual Plan 2009/10

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