

By: Roger Gough – Member for Corporate Support Services and Performance Management
David Tonks – Head of Audit and Risk

To: Governance and Audit Committee – 30 June 2010

Subject: **INTERNAL AUDIT ANNUAL REPORT**

Classification: Unrestricted

Summary: This report contains the Head of Audit and Risk Annual Report and opinion.

FOR INFORMATION

Introduction and background

1. CIPFA's¹ *Code of Practice for Internal Audit in Local Government in the United Kingdom (2006)* requires that the Head of Internal Audit must provide a written report to those charged with governance timed to support the Statement on Internal Control, or Annual Governance Statement. This report must:
 - include an opinion on the overall adequacy and effectiveness of the organisation's control environment;
 - disclose any qualifications to that opinion, together with the reasons for the qualification;
 - present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
 - draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the statement on internal control;
 - 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;
 - comment on compliance with these standards and communicate the results of the Internal Audit quality assurance programme

Head of Audit and Risk Annual Report

2. The attached Annual Report meets the requirements of the CIPFA code set out above. In addition, this report supports the annual governance statement by providing an opinion in relation to the internal control environment, risk management processes and corporate governance of the Council.

¹ Chartered Institute of Public Finance and Accountancy

Opinion on the overall adequacy and effectiveness of the organisation's control environment

3. Section 2 of the report sets out my opinion on the overall adequacy and effectiveness of the Council's control environment. Based on the assurance levels described at appendix B, an opinion of **substantial** assurance is provided. This reflects the fact that, whilst there has been no systematic failure of internal control, there have been individual reviews where controls have either not been in place, or not operated consistently. Appendix A of the report provides summaries of those reviews where the lowest level of assurance has been provided.

Recommendations

4. Members are asked to consider the Internal Audit Annual Report for 2009/10.

David Tonks
Head of Audit and Risk
Ext: 4614