

By: David Tonks – Head of Audit and Risk
To: Governance and Audit Committee – 30 June 2011
Subject: INTERNAL AUDIT ANNUAL REPORT
Classification: Unrestricted

Summary: The Head of Audit and Risk's Annual Report summarises the output of the Internal Audit annual plan and provides commentary on the performance of the Internal Audit section. The Annual Report also contains the Head of Audit and Risk's opinion on the Council's system of internal control.

FOR ASSURANCE

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 the 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. The opinion for the 2010/2011 financial year is one of substantial assurance – i.e. there is some limited exposure to risk of error, loss, fraud, impropriety or damage to

¹ Chartered Institute of Public Finance and Accountancy

reputation, which can be mitigated by achievable measures. Key or compensating controls exist but there may be some inconsistency in application.

Recommendations

3. Members are asked to note for assurance the internal audit annual report for 2010/11.

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