

By: The Chief Internal Auditor

To: Governance and Audit Committee
30 June 2006

Subject: **INTERNAL AUDIT ANNUAL REPORT 2005/06**

Accountable Officer: The Chief Internal Auditor

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Summary: The Internal Audit Annual Report shows the results of all internal audits carried out during the 2005/2006 financial year. The overall assurance on the level of control within the County Council is provided.

FOR INFORMATION

Introduction

1. Each year the Chief Internal Auditor produces an annual report (a copy is attached for all Members of the Committee), which is distributed to all members of the County Council, the Chief Executive, Managing Directors, Director of Finance and directorates' senior managers.
2. The report contains our overall assurance on the adequacy and effectiveness of governance arrangements, risk management and internal control within the Council. It also contains a summary of work carried out by Internal Audit during the year. The overall opinion is one of the sources of evidence for the Statement of Assurance, which is published with the Authority's annual accounts.
3. The report also includes a summary of Internal Audit's activity and progress against targets for key performance indicators. These indicators, which were agreed by members of the Audit Committee at their meeting on 3 March 2004, are incorporated into our Business Plan, and are monitored regularly to provide an overview of the Section's efficiency and effectiveness.

Audit Assurance for 2005/2006

4. Based on the internal audit review work undertaken, irregularity investigations and any other relevant information, there is *substantial* assurance as to the level of control for the management of financial risk in the Council but *limited* assurance that business objectives are being achieved without incurring risk. The main areas

for improvement identified during 2005/06 included the processes for recruitment of staff in schools, business continuity and disaster recovery planning. Recommendations to improve control of risks identified through internal audit activity have been discussed with, and accepted by relevant managers, and will be followed up by Internal Audit during 2006/07.

5. In relation to corporate governance and risk management, our overall opinion is that there is *substantial* assurance as to the Council's arrangements.

Recommendation

6. Members are asked to note the outcome of Internal Audit's work for 2005/06 and receive the annual report.

Christine Webster
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21 June 2005