

Agenda Item 7

Audit and Governance Committee

25th June 2009

TC



Internal Audit Annual Report for 2008/09

Summary

This Annual Report brings together, corporately and service by service, the main issues we have raised in the course of our audit work during 2008/09.

Our programme of work was as set out in the Internal Audit and Corporate Governance Work Plans that were endorsed by the Audit & Governance Committee on 27th March 2008, these were supplemented by a number of unplanned investigations, consultancy projects and other types of audit work.

The Service has suffered from a lack of resources throughout 2008/09, which has meant that the original audit plans for 2008/09 (and 2009/10) were revised to focus on 'high risk' areas only. The significant lack of resources has seriously affected the delivery of the revised audit plan, and it is only now, in June 2009, being finalised.

Work has however, been started on the current years' revised audit plan.

All the audits summarised here have been formally reported to the relevant senior managers, and I would like to thank them for being receptive to our comments and recommendations. We conduct follow up audits where appropriate to check on the progress of implementation.

More information on quality assurance and performance management arrangements for Internal Audit is provided in the main body of the report.

This report is intended particularly for senior management and the Audit Committee, and to provide the External Auditors with summaries of the work on which they may wish to place reliance. It will be available on the Council's website in due course.

Recommendations:

Members are asked to consider and note the Internal Audit Annual Report for 2008/09.

a) Reasons for Recommendation

The report outlines the work undertaken to ensure the Council's corporate governance arrangements were effective in 2008/09 and gives assurance that the Council is complying with its local Code of Corporate Governance. The report also draws attention to the lack of resources that have prevented the completion of the annual audit plans (including the revised plans) of audit work

b) Alternative Options

None

c) Risk Considerations

The Council is required to produce an Annual Report highlighting the work completed by the Internal Audit Service, if this is not produced, an overview of the work completed by the Service will not exist and weaknesses in internal controls and potential fraud and irregularities will not be highlighted. There will inevitably be criticism from the External Auditors.

Council Members and Officers have been continually updated and advised on the implications of reviews on the effectiveness of the Council's systems of internal control. Plans have been devised and put in place to ensure continuous improvement. The Council's annual review of the governance framework, including the system of internal controls and associated reviews during the year, identified some areas where action is appropriate to enhance the governance and internal control environment and ensure continuous improvement. These are listed in the Annual Governance Statement along with the proposed actions to remedy or improve the position.

d) Policy and Budgetary Considerations

The budget required is explained in the attached report

e) Date for Review of Decision

N/a

Legal Implications

No legal observations

Financial Implications

None identified

Consultation on Reports to the Executive

None

Background Papers

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Internal Audit and Governance

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