

Title of Report:	Internal Audit - Annual Report 2011-12
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	9 th July 2012
Forward Plan Ref:	GA2499

Purpose of Report: To provide the Committee with an opinion from the "Head of Internal Audit" on the Council's internal control framework, and to support the approval of the Annual Governance Statement

Recommended Action: Note the report

Reason for decision to be taken: This report forms part of the Council's Performance Monitoring Framework

Other options considered: None

Key background documentation: Internal Audit reports

The proposals contained in this report will help to achieve the following Council Strategy priorities:

- CSP1 – Caring for and protecting the vulnerable**
- CSP2 – Promoting a vibrant district**
- CSP3 – Improving education**
- CSP4 – Protecting the environment**

The proposals will also help achieve the following Council Strategy principles:

- Putting people first**
- Living within our means**
- Empowering people and communities**
- Transforming our services to remain affordable and effective**
- Doing what's important well**

The proposals contained in this report will help to achieve the above Council Strategy priorities and principles by:

Providing assurance that the Council's internal control framework is effective

Portfolio Member Details	
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Date Portfolio Member agreed report:	31 st May 2012

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Implications

Policy: none

Financial: none

Personnel: none

Legal/Procurement: none

Property: none

Risk Management: Internal Audit identifies solutions to risks posed by weaknesses in the Council's systems and procedures

Equalities Impact Assessment: None required.

Corporate Board's Recommendation: The report should be noted.

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>
Report is to note only		<input checked="" type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 This report sets out the Annual Report on the work of Internal Audit as required by the CIPFA Code of Practice for Internal Audit in Local Government.

2. Proposals

- 2.1 This report is intended to provide evidence to support the Council's Annual Governance Statement by setting out the results of the work Internal Audit has done over the last year.
- 2.2 This report builds on the interim report made to Governance and Audit earlier in the year, but does not repeat the detail of that report.
- 2.3 The report highlights the fact that no fundamental weaknesses were identified during the year and that where weaknesses were identified then management action has been taken to remedy them.

3. Equalities Impact Assessment Outcomes

- 3.1 There is no decision to be made and therefore no Equality Impact Assessment has been undertaken.

4. Conclusion

- 4.1 The Council's internal control framework is robust

Executive Report

1. Introduction

1.1 The CIPFA Code of Practice for Internal Audit in Local Government requires the “Head of Internal Audit” to make a formal report annually to the Council. The report should:

- (1) include an opinion on the overall adequacy and effectiveness of the organisation’s risk management systems and internal control environment.
- (2) disclose any qualifications to that opinion, together with the reasons for the qualification.
- (3) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- (4) draw attention to any issues the “Head of Internal Audit” judges particularly relevant to the preparation of the Annual Governance Statement.
- (5) 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 criteria.

1.2 In addition to the formal annual report, the Head of Internal Audit should make arrangements for interim reporting to the organisation in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the formal annual report. An interim report was made to the Governance and Audit Committee at the February meeting of the Committee.

1.3 This annual report meets the requirements of the CIPFA Code of Practice.

2. Opinion on the “Internal Control Framework”

2.1 No fundamental weaknesses were identified in Council’s internal control framework through the work carried out by Internal Audit. Where audit work identified weaknesses then management action has been taken to resolve issues identified.

2.2 Overall the internal control framework remains robust.

3. Issues identified in the course of the year

3.1 The following summarises the results of the audit work where an opinion was given, and this table demonstrates that, in particular, the main financial systems of the Council are robust. In addition it should be noted that the identification of weaknesses is an inevitable part of the auditing process. What is then key is that Management responds positively by implementing agreed recommendations.

Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial System	0	0	0	6	2
Other systems	0	1	12	3	0

3.2 The following paragraph highlights the issues raised in respect of the weak opinion audit noted above.

- (1) Grounds Maintenance – this was covered in detail, in the interim report to Governance and Audit in February, and as noted below the follow up audit indicated that satisfactory progress has been made in implementing agreed actions.

3.3 The following summarises the results of follow up audit work. A follow up review is carried out, usually six months after the audit has been finalised. The purpose of this review is to assess the extent to which agreed recommendations have been implemented by management.

3.4 This table demonstrates that the Council has responded effectively where weaknesses were identified. In all cases the follow up audit found satisfactory progress had been made with implementing agreed action plans. Overall this represents very good performance.

Type	Unsatisfactory	Satisfactory
Key Financial System	0	5
Other systems	0	12

3.5 What the above demonstrates is that the Council has responded quickly and effectively to the items of concern identified. This provides further evidence of the robust nature of the system of internal control within the Council.

4. Performance of Internal Audit

4.1 Delivery of the audit plan was within target in the current year, 82% against a target of 80%.

Appendices

There are no appendices to this report

Consultees

Local Stakeholders: N/a

Officers Consulted: Corporate Board

Trade Union: N/a