

Agenda Item No: 7

Title: Internal Audit - Annual Report 2005/06

Lead Member: Cllr Hames - Chair of Audit Committee

Reporting Officer: Ian Jamieson - Head of Finance

Purpose

To consider the Internal Audit annual report for 2005/2006.

Background

KPMG have provided the internal audit service to the Council for the year ended 31 March 2006. The work was carried out in accordance with the Internal Audit plan approved by Corporate Management Team and the Scrutiny Committee. The plan is designed to allow an opinion to be given on the adequacy and effectiveness of the Council's risk management, control and governance processes.

Key Issues

From April 2005 each internal audit assignment is risk rated as either good, satisfactory, weak or unacceptable and recommendations prioritised as high, medium or low. In total 13 assignments were carried out, generating 34 recommendations. The majority of assignments were rated good with only two as satisfactory. Only one recommendation was considered high priority with 18 medium and 15 low.

All recommendations from the previous year 2004/2005 have been implemented.

This enabled the following Internal Audit opinion to be given for 2005/2006:

Based on the reviews undertaken during 2005/06, in our opinion the Council has adequate and effective risk management, control and governance processes to manage the achievement of its objectives. Notwithstanding our overall opinion, our work identified a number of opportunities for improving controls and procedures. However, we are satisfied that the actions that the Council plans to take will, if implemented satisfactorily, resolve these deficiencies in internal control, risk management and governance in an appropriate manner.

Effect on strategies and codes

The internal audit opinion supports the 'sound financial management' principle.

Risk Management implications

These are contained within the report.

Financial and performance implications

There are no financial implications. The audit work is delivered under a fixed price contract let on 1 April 2004. The contract is for 3 years with an option to extend for a further 2 years.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps

Recommendations will be implemented as detailed in the individual internal audit report action plans. The current years internal audit work will review progress on implementation.

Recommendations

The Audit Committee:

- Considers the annual internal audit report and opinion for 2005/2006.
- Reviews progress of actions taken to implement internal audit recommendations.

Background Papers: Final Accounts Working Papers – Room 33

 Plain English guidance given

4 September 2006

Filename: N:\Cabinet Reports\2006-2007\audit committee\28 September