

Agenda Item No. 7

Title: **Internal Audit Reports**

Lead Member: **Cllr J Osborn - Chair of Audit Committee**

Reporting Officer: **Ian Jamieson - Corporate Director
(Chief Finance Officer)**

Purpose

To consider the following Internal Audit reports:

2007/08

- 1 Treasury Management
- 2 Accountancy and Budgetary Control
- 3 Creditor payments
- 4 Income Collection
- 5 Corporate Governance
- 6 Debtor Invoices
- 7 Section 106

Background

KPMG provide the internal audit service to the Council. The work has been carried out in accordance with the Internal Audit plan approved by Corporate Management Team and the Audit 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

Each internal audit assignment is risk rated as either good, satisfactory, weak or unacceptable. All audit reports classed as good are reported in summary form only. The full audit report is available from Finance on request.

There are seven audit reports for consideration of which five were rated as good and two as satisfactory. The satisfactory reports are produced in full as Appendix one and Appendix two.

All recommendations are prioritised as high, medium or low. The results from the five audits are summarised in the table overleaf.

Table of results

	Overall system rating	Recommendations		
		High	Medium	Low
Treasury Management	Good	0	0	0
Accountancy and Budgetary Control	Good	0	0	0
Creditor payments	Good	0	0	3
accepted		0	0	3
Income Collection	Good	0	1	0
accepted		0	1	0
Corporate Governance	Good	0	0	1
accepted				
Debtor Invoices	Satisfactory	0	1	0
accepted		0	1	0
Section 106	Satisfactory	0	2	2
accepted				

Treasury Management

This report identified eight areas of positive practice. There were no areas for further development. The report concluded that there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Accountancy and Budgetary Control

This report identified six areas of positive practice. There were no areas for further development. Three low priority recommendations from the previous year have been fully implemented.

The report concluded that there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Creditor Payments

This report identified five areas of positive practice. There were three areas for further improvement, all deemed to be low priority.

One medium priority recommendation from the previous year has been partially implemented, and will be fully implemented in 2008/09 through the provision of further staff training.

The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Income Collection

This report highlighted five areas of positive practice. There were two areas for further development but only one medium priority recommendation. The report concluded there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Corporate Governance

This report highlighted six areas of positive practice, with one area for further development and four key issues. The Council is aware of these issues and is taking steps to address them.

The report concluded that there is an adequate and effective system of risk management, control and governance to address the risk that objectives are not fully achieved.

Debtor Invoices

This report highlighted four areas of positive practice. There was one area for further development with one medium priority recommendation made. There was one low priority recommendation from the previous year, which has now been fully implemented.

The report concluded that there is some risk that objectives may not be fully achieved. Slight improvements are required to enhance the adequacy and /or effectiveness of risk management, control and governance.

A full copy of the report can be found at appendix one.

Section 106

This report highlighted four areas of positive practice. There were three areas for further development. Two medium priority and two low priority recommendations were made.

The report concluded that there is some risk that objectives may not be fully achieved. Slight improvements are required to enhance the adequacy and /or effectiveness of risk management, control and governance.

A full copy of the report can be found at appendix two.

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.

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 2008/09 internal audit work will review progress on implementation.

Recommendations

The Audit Committee:

- Reviews the internal audit reports
- Reviews progress of actions taken to implement internal audit recommendations.