

## Agenda Item No. 8

Title:	<b>Annual Internal Audit Report 2007/2008</b>
Lead Member:	<b>CLlr J Osborn - Chair of Audit Committee</b>
Reporting Officer:	<b>Ian Jamieson - Corporate Director (Chief Finance Officer)</b>

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### **Purpose**

To consider the Internal Audit Annual Report for 2007/2008.

### **Background**

This report outlines the internal audit work carried out by KPMG in accordance with the agreed audit plan 2007/2008. 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**

In total 12 assignments were carried out, generating 38 recommendations

Each internal audit assignment is risk rated as either good, satisfactory, weak or unacceptable. The majority of assignments were rated good with three as satisfactory. All satisfactory rated audit reports are presented in detail.

Recommendations are prioritised as high, medium or low. All recommendations have been accepted. There were no high priority, 8 medium and 30 low.

All recommendations from the previous year 2006/2007 have been implemented. There were two medium and two low that were part implemented. The delay in implementation is for genuine operational reasons.

This enabled the following Internal Audit opinion to be given for 2007/2008:

Based on the reviews undertaken during 2007/08, 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.

### **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:

- Considers the annual internal audit report and opinion for 2007/2008.
- Reviews progress of actions taken to implement internal audit recommendations.