

**Report to:** Audit Committee

**Date:** 6 December 2006

**Report of:** Head of Internal Audit &SDT

**Report No:**

**Contact Officer:** John Midlane

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**Report Title:** **Internal Audit Update Report 2006/07**

**Confidential /**

**Non Confidential:** (**Non-Confidential**) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

**Purpose:** To inform Audit Committee of the work undertaken by the Internal Audit Section to 31 October 2006.

**Recommendations:** Audit Committee is asked to note the Internal Audit activity to 31 October 2006 along with the opinion on the internal control environment and to comment as appropriate.

**Decision:**

**Background Doc(s):**

## 1. BACKGROUND:

One of the core functions of the Audit Committee is to review a summary of internal audit reports. Internal Audit is one of the main sources of assurance provided to Audit Committee and this report is produced to inform committee of the progress against the agreed audit plan and to summarise the finding of the internal audit reviews which have been undertaken.

In the past the Head of Internal Audit and Service Development has reported annually and given an opinion on the internal control environment. This report is produced to strengthen that process and cover three specific areas:

- Comment on the overall adequacy and effectiveness of the internal control environment.
- Any qualifications to the opinion.
- A summary of the work undertaken to date to formulate the opinion.
- To comment on the compliance with the CIPFA standards and internal audit performance.

This report covers the period from 1 April 2006 to 31 October 2006.

## 2. INTERNAL AUDIT COVERAGE 2006/07:

Each year the Internal Audit Section produces a plan detailing areas for review within the year. The 2006/07 plan, and the process used to prepare it were considered by Audit Committee 4 April 2006.

A summary of the activity of the section to 31 October 2006 is given below:

2005/06 reports issued	24
2006/07 audit reports issued:	12
2006/07 audits ongoing	21

A summary of the findings from the reports issued to date is included at Appendix A to this report.

In addition to the above the section has been involved in assessing 43 external performance indicators and a variety of special projects across the Council.

Currently new audit management software is being embedded in the section. This will allow more flexible ways of carrying out audit work, reduce administrative time and greatly improve management information.

The performance to 31 October is slightly behind the plan as a result of vacancies and some sickness. It is anticipated that this will be brought back in the latter part of the year with all main areas being covered.

A report elsewhere on the agenda dealing with the progress against the KPMG review shows a high level of compliance with the CIPFA standards and internal audit's performance.

On the basis of the work carried out by internal audit and the records made available I am of the opinion that overall the internal control environment of the authority is adequate and effective.

### **3. RECOMMENDATIONS:**

Audit Committee is asked to note the Internal Audit activity to 31 October 2006 along with the opinion on the internal control environment and to comment as appropriate.