

25TH OCTOBER 2012

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

INTERNAL AUDIT QUARTERLY REPORT

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 2nd quarter of 2012/13 – to provide Members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought the Committee's attention.

RECOMMENDATIONS

That the Committee considers the attached quarterly report and raises any issues it deems appropriate

EXECUTIVE SUMMARY

The Accounts and Audit Regulations 2011 (as amended) require each local authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the internal control, risk management and governance framework within the organisation, and their outcomes.

One of the sources of assurance featured in the AGS is the professional opinion of the Head of Internal Audit on the outcome of services' review of the governance framework. Professional good practice recommends that this opinion be given periodically throughout the year to inform the "annual opinion statement". This opinion is given on a quarterly basis to the Audit & Governance Committee.

The Head of Internal Audit Services quarterly opinion statement for July – September 2012 (Qtr 2) is set out in the attached document, and the opinion is summarised below.

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that "some assurance" can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to

be monitored. Internal Audit's opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

No specific issues have been highlighted through the work undertaken by Internal Audit during 2012/13 (to date).

For easy reference, performance against 2 key performance indicators for the service is set out in graphical form in **Appendix 1** (% of draft reports issued within timeliness target) and **Appendix 2** (% of audit recommendations agreed by management). The proportion of agreed management actions found to have been implemented is also shown graphically in **Appendix 3**. Details of the 2012/13 audit plan completion status as at 30th September 2012 is detailed at **Appendix 4**.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers ex 234

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 – percentage of draft reports issued within 15 days

Appendix 2 – percentage of audit recommendations agreed by management

Appendix 2.1 – number of recommendations made and agreed

Appendix 3 – Proportion of agreed management actions implemented

Appendix 4 – Internal Audit plan status as at 30 September 2012