

31<sup>ST</sup> JANUARY 2013

**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 3<sup>rd</sup> quarter of 2012/13 – to provide Members with assurance of the ongoing effective operation of the internal audit function and enable any particularly significant issues to be brought to 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 Services on the outcome of service reviews 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 October – December 2012 (Qtr 3) is set out in the attached document (detailing the work completed to date), and the opinion is summarised below.

Based on the ongoing work carried out by and behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that "reasonable 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** and **2.1** (% 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 31<sup>st</sup> December 2012 is detailed at **Appendix 4**.

**RESOURCE IMPLICATIONS**

None

**LEGAL/RISK IMPLICATIONS BACKGROUND**

None

**SUSTAINABILITY IMPLICATIONS**

None

**BACKGROUND INFORMATION**

None

**REPORT AUTHOR**

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**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 31<sup>st</sup> December 2012