



AGENDA ITEM: 8

OVERVIEW & SCRUTINY BOARD

1st November 2005

INTERNAL AUDIT ANNUAL REPORTS FOR FINANCIAL YEARS 2002/03, 2003/04, 2004/05 AND UPDATE ON THE 1st AND 2nd QUARTERS OF 2005/06

HEAD OF SERVICE P SLOCOMBE DIRECTOR OF RESOURCES

SUMMARY

1. To inform Members of the work of the Internal Audit Section for financial years 2002/03, 2003/04 and 2004/05; provide performance information and provide an opinion on the overall effectiveness of the Council's internal control environment and an update on the first two quarters of 2005/06.

INTRODUCTION

2. The CIPFA Code of Practice for Internal Audit in Local Government in the UK 2003 (the Code), which has been deemed as proper practice under the Accounts and Audit Regulations 2003, states under Standard 9 – Reporting that the Head of Internal Audit should provide a formal annual report to the organisation.

EVIDENCE / DISCUSSION

3. Internal Audit, along with other assurance processes of the Council, have a statutory obligation under the Accounts and Audit Regulations 2003 to provide assurance from the work they undertake in respect to the internal control systems operating within the Council.
4. The system of internal control should help the Council to manage and control the risks, which could affect the achievement of the Council's objectives rather than eliminate them completely. Internal Audit and the other assurance processes can therefore only provide within the statement on internal control reasonable and not absolute assurance of adequacy and effectiveness.



5. Based on the work undertaken during the years reported upon (individual reports for each year are attached to this report) and the implementation by management of the majority of the recommendations made Internal Audit can provide reasonable assurance that the systems of internal control within these areas of the Council are operating adequately and effectively.
6. In addition to the assurance contribution to the Statement on Internal Control, Internal Audit's work provides evidence to support the Councils Annual Assurance Statement which covers all dimensions of Corporate Governance.

CONCLUSIONS

7. It is recommended that the Overview and Scrutiny Board note the contents of 2002/03, 2003/04, 2004/05 Annual Reports of Internal Audit and the update of the first two quarters of financial year 2005/06.

BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

Code of Practice for Internal Audit in Local Government in the United Kingdom
Statement of Internal Control 2002/03, 2003/04, 2004/05
Annual Audit and Inspection Letter Middlesbrough Council 2003/04
Interim Audit Report Middlesbrough Council 2004/05
Annual Audit Plan 2002/03, 2003/04, 2004/05
Individual Audit Reports

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