



AGENDA ITEM: 6

OVERVIEW & SCRUTINY BOARD

25th July 2006

INTERNAL AUDIT ANNUAL REPORT FOR FINANCIAL YEAR 2005/06

DIRECTOR OF RESOURCES P SLOCOMBE

SUMMARY

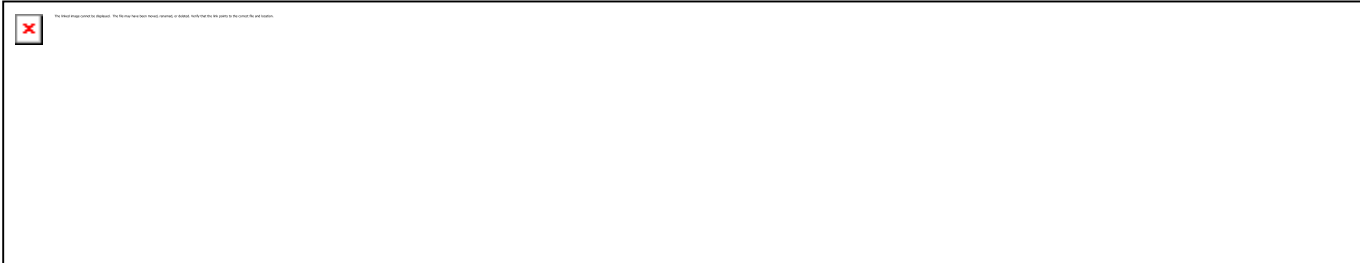
1. To facilitate the work of the Board in carrying out its role as an Audit Committee, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (the Code), recommends that it receives an annual report (a copy is attached) from the Head of Internal Audit.
2. The report is a key component of the assurance framework. Its purpose is to inform Members of the work of the Internal Audit Section for financial year 2005/06; provide performance information and an opinion on the overall effectiveness of the Council's internal control environment.

INTRODUCTION

3. 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

4. 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.
5. The system of internal control should help the Council to manage and control 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.



6. Based on the work undertaken during the year reported upon, and the implementation by management of the majority of the recommendations made, Internal Audit can provide substantial assurance that the systems of internal control within these areas of the Council are operating adequately and effectively.
7. It is gratifying to be able to report improvements in many of the main financial systems.

CONCLUSIONS

8. Members are asked to note the outcome of Internal Audit's work for 2005/06 and receive the annual report.

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 2005/06
Annual Audit Plan 2005/06
Individual Audit Reports

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