

Head of Audit – Annual Audit Opinion 2012/13

SUMMARY

- 1.1 This report provides members with the Head of Governance and Assurance's opinion on the adequacy and effectiveness of the Council's internal control environment.
- 1.2 The report also contains the annual internal audit report for 2012/13.

RECOMMENDATION

- 2.1 To note the Head of Governance and Assurance's opinion on the internal control environment.
- 2.2 To note the annual report.

REASONS FOR RECOMMENDATION

- 3.1 To comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the UK, the Head of Governance and Assurance must provide an opinion on the adequacy and effectiveness of the Council's control environment to those charged with Governance.
- 3.2 To provide Audit and Accounts Committee with an overall view of the performance of the internal audit service in the year to 31 March 2013.

SUPPORTING INFORMATION

Annual Audit Opinion

- 4.1 Under the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, the Head of Internal Audit (HIA) should provide a written report to those charged with governance. This is timed to support the Annual Governance Statement, which is also being presented to this Committee for review by Members before being signed off by the Leader of the Council and Chief Executive. The Head of Internal Audit should give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

- 4.2 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit review, appraise and report on the effectiveness of financial and other management controls. My overall audit opinion is based on the work undertaken by internal audit in 2012/13. The reporting of the incidence of significant control failings or weaknesses has also been covered in the progress reports to the Committee on Internal Audit's progress against the annual audit plan.
- 4.3 Based on the work undertaken during the year, I have reached the overall opinion that **there is an acceptable level of internal control within the Council's systems and procedures.** There were no critical risk recommendations made within any audit reports issued in 2012/13.
- 4.4 No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.
- 4.5 There are no adverse implications for the Authority's Annual Governance Statement arising from any of the work that Internal Audit has undertaken in 2012/13. All of the risks raised within the internal audit reports have been accepted. Internal Audit's recommendations, or alternative proposed actions made by Management in response to the risk issue, have been agreed to be implemented in all but 1 case, where management agreed to accept the risk but to take no mitigating action. Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report. Internal Audit will follow up the implementation of its recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practicable, after the target implementation dates. Progress on implementation of audit recommendations will be reported through to this Committee in future progress reports on the 2013/14 Internal Audit work.

Basis For Opinion

- 4.6 In preparing the overall opinion, I have reviewed all audit activity carried out during 2012/13. Each audit assignment has an individual assurance rating and I have used these (together with the progress with agreed actions) to help form my overall opinion.

Overall Performance of Internal Audit

- 4.7 The annual report summarising the performance of the internal audit function is attached at Appendix 2.

OTHER OPTIONS CONSIDERED

- 5.1 Not applicable.

This report has been approved by the following officers:

Legal officer	n/a
Financial officer	n/a
Human Resources officer	n/a
Estates/Property officer	n/a
Service Director(s)	n/a
Other(s)	n/a

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Internal Audit annual report 2012/13

IMPLICATIONS

Financial and Value for Money

- 1.1 None directly arising

Legal

- 2.1 None directly arising

Personnel

- 3.1 None directly arising

Equalities Impact

- 4.1 None directly arising

Health and Safety

- 5.1 None directly arising

Environmental Sustainability

- 6.1 None directly arising

Property and Asset Management

- 7.1 None directly arising

Risk Management

- 8.1 The effective management of risk is a core principle of good governance.

Corporate objectives and priorities for change

- 9.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.

