



REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 2 JULY 2009

REPORTING OFFICER: AUDIT MANAGER,
NORTH YORKSHIRE AUDIT PARTNERSHIP
JAMES INGHAM CPFA

SUBJECT: ANNUAL INTERNAL AUDIT REPORT 2008/09

WARDS AFFECTED: ALL

1.0 PURPOSE OF REPORT

1.1 This report presents the Annual Internal Audit Report for 2008/09 from the North Yorkshire Audit Partnership for approval.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Annual Internal Audit Report for 2008/09 be approved.

3.0 REASONS SUPPORTING DECISION

3.1 To monitor the performance of the provision of internal audit for Ryedale District Council.

4.0 BACKGROUND

4.1 The Accounts and Audit Regulations 2003 require all Councils to annually review their systems of internal control and to provide an adequate and effective Internal Audit function.

4.2 It was agreed that this committee should act as an Audit Committee for the Council and, inter alia, receive reports from Internal Audit.

5.0 INTRODUCTION

5.1 This report presents the Annual Internal Audit Report for the year from the North Yorkshire Audit Partnership. Their report, detailed in annex A, summarises the work done by Internal Audit covering the year to 31st March 2009.

- 5.2 The Annual Audit Report provides a statement of assurance to the Corporate Directors (S151) the council's Responsible Financial Officer that will support the Annual Governance Statement (AGS) that has to be included with the Council's Financial Statements.
- 5.3 The Audit Partnership works to the 2006 CIPFA Code of Practice for Internal Audit in Local Government. The Council's External Auditors have been satisfied with the audit work undertaken, and have been able to place reliance on the work of the Partnership in order to optimise the overall cost of audit to the Council. In 2009/10 the Partnership will be subject to its regular tri-ennial review by the external auditors.

6.0 POLICY CONTEXT

- 6.1 This report supports the Council's Corporate Strategic Objective of providing strong Community Leadership, by demonstrating a commitment to local democracy and accountability.

7.0 REPORT

- 7.1 The report detailed in annex A, provides an assurance statement for the financial systems of the council, based on the work undertaken to date, and past experience. It is not a 'carte blanche' but a balanced judgement. It also includes an assessment of the application of risk management, and management of the identified risks, within its programme of audits.
- 7.2 One of the positive issues emerging is that the Council is making great strides with the establishment of Risk Management, especially to continue to 'embed' it into the everyday operations of the Council. It is in this respect that we expect that internal audit will assist, by promulgating the understanding and implementation of risk management across the Council.
- 7.3 The North Yorkshire Audit Partnership is able to provide the Council with a clear statement of Internal Control Assurance, as all the main systems audited are operating robustly and securely. This supports the Statement of Internal Control required under the Accounts and Audit Regulations 2003.
- 7.4 It also includes a summary of the audits completed in the year showing an audit opinion for each. This allows the committee to be aware of control issues that have been identified, and enables the committee to request specific discussions with line management about the matters raised. These opinions lead through to the overall opinion, and thence to the AGS. It also includes a synopsis of the performance of the Partnership in delivering internal audit to Ryedale DC.
- 7.5 This routine reporting to the committee forms an important part of the overall control framework, and is a component of the Annual Governance Statement.
- 7.6 The audit committee's role is also seen as an integral component by the CPA process, through the Key Lines of Enquiry that the Audit Commission follow as part of that CPA assessment process.

8.0 FINANCIAL IMPLICATIONS

- 8.1 There are no financial implications, beyond the existing budget for Internal Audit and any additional work in respect of Risk Management, and special investigations.

9.0 RISK ASSESSMENT

Information,

none

Strategic,

That Internal Audit's annual report contains an adverse assurance opinion on the control systems of the Council.

Operational,

That systems will not be amended in the light of Internal Audit reports and agreed recommendations.

People,

none

Reputation,

That the council does not take seriously the audit of its internal control systems

Regulatory

None at present, though there is increasing pressure for regular reporting of Internal Audit work to Audit Committees (or equivalents).

Financial.

none

10.0 CONCLUSION

- 10.1 The review provides an overall opinion and assurance that given all the circumstances pertaining with the Internal Control System in Ryedale DC during 2008/09 that it is considered as satisfactory.
- 10.2 This is not a 'carte blanche' but a balanced judgement. As with any such review there will always be areas that could be improved and this is no different.
- 10.3 It is considered that the work completed combined with the planned work for 2009/10 represents the best compromise between economy and effectiveness, and provides a sufficient level of assurance for the AGS and the Council's external auditors.

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