



REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 8 JULY 2010

REPORT OF THE: CORPORATE DIRECTOR (s151)
PAUL CRESSWELL

TITLE OF REPORT: ANNUAL INTERNAL AUDIT REPORT 2009/2010

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report presents the Annual Internal Audit Report for 2009/10 from the North Yorkshire Audit Partnership for approval.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Annual Internal Audit Report for 2009/10 be approved.

3.0 REASON FOR RECOMMENDATIONS

3.1 To monitor the performance of the provision of internal audit by the North Yorkshire Audit Partnership for Ryedale District Council and to provide the Head of Internal Audit's opinion on the Internal Control environment as part of the governance framework of the Council.

4.0 SIGNIFICANT RISKS

4.1 No significant risks.

REPORT

5.0 BACKGROUND AND INTRODUCTION

5.1 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.

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

5.3 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 2010.

5.4 The Annual Internal Audit Report provides a statement of assurance to the Members, the Chief Executive, and the Corporate Director (s151), which will support the Annual Governance Statement (AGS) that has to be included with the Council's Financial Statements.

5.5 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. The Partnership is subject to the regular tri-ennial review by the external auditors, due in 2010/2011.

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 CONSULTATION

7.1 A statement outlining any consultation carried out or planned and any known outcomes.

8.0 REPORT DETAILS

8.1 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.

8.2 One of the positive issues emerging is that the Council has made great strides with the establishment of Risk Management, especially 'embedding' 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.

8.3 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 Annual Governance Statement required under the Accounts and Audit Regulations 2003.

8.4 It also includes a schedule of the audit opinions for the audits completed in the year. 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.

8.5 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. The coalition government has determined to stop the CAA process, although it is anticipated that there will be a replacement.

8.6 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 working “above Standard”.

8.7 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.

8.8 It is considered that the work completed combined with the planned work for 2010/11 represents the best compromise between economy and effectiveness, and provides a sufficient level of assurance for the AGS and the Council’s external auditors.

9.0 IMPLICATIONS

9.1 The following implications have been identified:

a) Financial

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

b) Legal

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

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)

None

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Background Papers:

None

Background Papers are available for inspection at:

N/A