



REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 30 JULY 2015

REPORT OF THE: FINANCE MANAGER (s151)
PETER JOHNSON

TITLE OF REPORT: ANNUAL INTERNAL AUDIT REPORT 2014/15

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1. The purpose of the report is to summarise the outcome of audit work undertaken in 2014/15 and provides an opinion on the overall adequacy and effectiveness of the authority's internal control arrangements.
- 1.2. This Annual Internal Audit report is prepared by Veritau North Yorkshire (VNY), based on work carried out during the period April 2014 to March 2015.

2.0 RECOMMENDATION(S)

- 2.1 It is recommended that the attached report for 2014/15 be approved.

3.0 REASON FOR RECOMMENDATION(S)

- 3 It is recommended that the report is considered by the Overview and Scrutiny Committee as it summarises the audit work undertaken during the year. It also encompasses the overall internal audit opinion of the internal control framework which forms part of the Annual Governance Statement.

4.0 SIGNIFICANT RISKS

- 4.1 The Council will fail to comply with proper practice requirements for internal audit if the results of audit work are not considered by an appropriate Committee.

5.0 POLICY CONTEXT AND CONSULTATION

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

6.0 REPORT DETAILS

- 6.1 The results of completed audit work have been reported to relevant officers during the course of the year. In addition, summaries of all finalised audit reports have been presented to this committee as part of regular monitoring reports. Details of the audits finalised since the last report to this committee in April 2015 are included in Appendix 2 to the supporting report. All of the work from the 2014/15 audit plan has been completed.
- 6.2 The overall opinion of the Head of Internal Audit on the governance, risk management, and control framework operating in the Council is that it provides **Substantial Assurance**. There are no qualifications to that opinion. No reliance was placed on the work of other assurance bodies in reaching this opinion.
- 6.3 Although a substantial assurance opinion can be given, we are aware of some weaknesses in the control environment which have been identified around the Payroll (TIC's) and Debtors system. These areas should be considered for inclusion in the Council's Annual Governance Statement.
- 6.4 The Head of Internal Audit is required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to the required professional standards. The results of the QAIP should be reported to senior management and the Audit Committee along with any areas of non-conformance with the Standards. The outcomes from the QAIP (which included an independent of Veritau's practices in 2014) demonstrated that the service provided by Veritau conformed to the International Standards for the Professional Practice of Internal Auditing. Full details are included in Appendix 5 to the supporting report.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
None
 - b) Legal
None
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

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Background Papers:

Public Sector Internal Audit Standards
CIPFA Local Government Application Note (for the United Kingdom Public Sector Internal Audit Standards)