



REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 15 DECEMBER 2011

REPORT OF THE: CORPORATE DIRECTOR (s151)
PAUL CRESSWELL

TITLE OF REPORT: INTERNAL AUDIT Q2+ REPORT

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report presents the Interim Internal Audit Report covering the period to 30 November 2011 from the North Yorkshire Audit Partnership.

2.0 RECOMMENDATION

2.1 It is recommended that this Interim Internal Audit Report which outlines progress against the approved internal audit plan be noted.

3.0 REASON FOR RECOMMENDATION

3.1 The Cipfa Code of Practice for Internal Audit in Local Government identifies that the shared interests of the audit committee and internal audit require an effective working relationship. Part of that is the approval of, and monitoring of progress against, the internal audit strategy and plan.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks.

REPORT

5.0 BACKGROUND AND INTRODUCTION

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

5.2 This report presents the Interim Internal Audit Report from the North Yorkshire Audit Partnership, which is attached as Appendix A. That report summarises the work done by Internal Audit in 2011/12 covering the year to 30th November 2011.

5.3 This report highlights issues that the audits have identified and provides a summary

of these. It also outlines any issues emerging from the audits of the principal financial systems of the Council, together with any significant comments from other audits completed during the year to date.

- 5.4 The Audit Partnership provides the Council in its report with a clear statement of assurance reflecting its opinion of the Internal Control Framework. This is based upon the audits completed complemented by its existing knowledge and understanding of the control framework.

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 No external consultation has been undertaken. The Audit Partnership liaises with the Corporate Director (s151) in his specific role as the responsible financial officer. In addition it undertakes an annual consultation with Heads of Service.

8.0 REPORT DETAILS

- 8.1 The interim 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.

- 8.2 The appendix to that Partnership report provides a brief synopsis of the issues arising at each of the audits completed in the period. 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.

- 8.3 The facility for members to require managers to attend and discuss with the committee the results of the audit on their service area and its recommendations does significantly support the effective working relationship between the committee and internal audit.

- 8.4 If exercised pragmatically it should improve the responses of service managers to audit reports and recommendations, and also encourage them to challenge audit findings, which improves the quality of the audit process.

- 8.5 This allows the pendulum to come full circle bringing internal audit, its clients, and the Overview & Scrutiny Committee (audit) closer together in a virtuous circle.

- 8.6 This routine reporting to the committee forms an important part of the overall control framework, and the audit committee's role is also an integral component in that framework. This leads through, ultimately to the Annual Governance Statement.

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.
 - b) Legal
None directly, though individual audit reports may have implications

- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None directly, though individual audit reports may have implications

Paul Cresswell
Corporate Director (s151)

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Background Papers:
None

Background Papers are available for inspection at: