

AUDIT & RISK COMMITTEE

Date 19th June 2012

ANNUAL REPORT OF INTERNAL AUDIT 2011/12

Report of the Head of Welland Internal Audit Consortium

STRATEGIC AIM	All
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1. PURPOSE OF THE REPORT

- 1.1 The Accounts and Audit Regulations require the production of an Annual Report of Internal Audit containing the Internal Audit Opinion on the effectiveness of the Council's internal control arrangements: that Opinion forms part of the Council's Annual Governance Statement. The Regulations require the Council to maintain an effective internal audit function and good practice requires that any issues relating to the effectiveness of internal audit should also be reported.
- 1.2 Audit & Risk Committee approved the Annual Governance Statement for 2011/12 on 8th May 2012 subject to the inclusion of the Level of Assurance derived from the Internal Audit Opinion.

2. RECOMMENDATIONS

- 2.1 **That the Annual Report of Internal Audit and the Internal Audit Opinion that it supports be approved.**
- 2.2 **That the Level of Assurance contained within the Internal Audit Opinion and the acknowledgement of partial non-compliance with the CIPFA Code of Practice be inserted in the draft of the Annual Governance Statement previously approved by Committee**

3. INTERNAL AUDIT OPINION

- 3.1** It is the responsibility of the Head of the Welland Internal Audit Consortium, in his role as the Council's Head of Internal Audit, to produce the Internal Audit Opinion, based upon sufficient relevant evidence. The opinion for 2011/12 is that the Council's overall internal control arrangements provide a:

Sound Level of Assurance

This represents the second highest of the five levels of assurance within the model adopted by the Consortium. There has been no change in the overall level of assurance since the previous year. The evidence to support that opinion is set out in the detailed report shown at Appendix 1.

4. EFFECTIVENESS OF INTERNAL AUDIT

- 4.1** The level of staffing within the Consortium provides no slack to deal with unforeseen staffing issues. During 2011/12 the Consortium experienced a significant level of staff sickness, some of which was directly linked to disciplinary investigations. The decision of the Welland Board to revise the staffing structure has delayed the filling of vacancies arising: at 31st March three of the eight established posts were vacant and the Audit Manager post (deputy to Head of Consortium) had been vacant since June 2011. While the Board authorized the use of salary savings to engage audit contractors, fewer days than planned were delivered and a significant proportion of work was not completed "in-year". One direct consequence of this problem of resources was a delay in identifying a material control weakness.
- 4.2** The Head of Consortium acknowledges that the Consortium was not operating fully in line with the CIPFA Code of Practice for Internal Audit: specifically it did not meet Standard 6.1 relating to the staffing of internal audit.

RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The report does not prompt or require any time-bound response – beyond approval of recommendations set out above
Viability	Low	There is no direct impact on future resourcing issues
Finance	Low	There is no direct impact on future finance issues
Profile	Low	There is no evidence of public interest in the routine work of internal audit.
Equality and Diversity	Low	EIA screening indicates no issues arising therefore full Impact Assessment has not been carried out.

Background Papers

None

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.