

Subject:	Internal Audit Annual Report & Opinion 2009/10		
Date of Meeting:	29th June 2010		
Report of:	Director of Finance & Resources		
Contact Officer:	Name: Ian Withers	Tel: 29-1323	
	E-mail: ian.withers@brighton-hove.gov.uk		
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report presents the Internal Audit & Opinion Annual Report 2009/10 to Members of the Audit Committee. The full Annual Report and Opinion is provided at Appendix 1 and includes:
- Opinion on the adequacy and effectiveness of the City Council's internal control environment.
 - Internal audit coverage and output for 2009/10.
 - Internal audit performance 2009/10.
- 1.2 The opinion contributes to the annual review of governance arrangements and the production of the Annual Governance Statement as required by the Accounts & Audit Regulations (as amended) 2006.

2. RECOMMENDATIONS:

It is recommended that Members note the contents of the report in particular:

- The Head of Audit & Business Risk Opinion for 2009/10 on the adequacy and effectiveness of the internal control
- Internal audit coverage and any significant issues emerging

3. BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of the City Council's internal control, risk management and governance arrangements. This includes identifying and actions for improvements for the effective use of resources. Internal audit is therefore a key part of the City Council's internal control system and integral to the framework of assurance that the Audit Committee can place reliance on to assess its internal control system.
- 3.2 The Accounts and Audit Regulations 2003 (Amended 2006) requires the City Council to maintain an adequate and effective system of internal audit. Within the City Council the internal audit functions, which sits within the Audit & Business Risk Service, carries out the work to satisfy the legislative requirement and reports its findings, conclusions and recommendations/agreed actions to Senior Managers and the Audit Committee.
- 3.3 Proper practice under the above regulations is defined by the CIPFA Code of Practice for Internal Audit in Local Authorities and has been adopted by the City Council. This requires the Head of Audit & Business Risk to produce a report that:
- Provides an opinion on the overall adequacy and effectiveness of the organisation's control environment.
 - Discloses any qualifications to that opinion, together with reasons.
 - Presents a summary of the audit work from which the opinion is derived.
 - Draws attention to any issues of particular relevance.
 - Compares the audit work actually undertaken against that planned.
- 3.4 The operational Internal Audit Plan for 2009/10 was presented and approved by the Audit Committee in March 2009. The Annual Report and Opinion therefore provides details of the outturn against the planned and unplanned work that arose during the year.
- 3.5 Concern is expressed over the increase in audit reviews giving limited and reasonable assurance with a corresponding decrease in those giving substantial. There were none giving no assurance. Audit & Business Risk will be carrying out follow-up audit work on these audit reviews and working with management to improve controls. The Audit Committee will be updated further in 2010/11 on the position regarding these audit reviews.

4. FINANCIAL & OTHER IMPLICATIONS:

4.1 Financial Implications:

The Internal Audit Plan for 2009/10 was delivered within budgetary resources for the year.

Patrick Rice
Acting Assistant Director Financial Services

17th June 2010

4.2 Legal Implications:

The completion of the Internal Audit Annual Report and Opinion, demonstrates compliance with Regulation 6 of The Accounts & Audit Regulations 2003 (Amended 2006) which requires the council to 'maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper practices in relation to internal control.

Oliver Dixon
Lawyer

16th June 2010

4.3 Equalities Implications:

There are no direct equalities implications arising directly from this report

4.4 Sustainability Implications:

There are no direct sustainability implications arising from this report.

4.5 Crime & Disorder Implications:

There no direct implications for the prevention of crime and disorder arising from this report.

4.6 Risk and Opportunity Management Implications:

The internal audit work is based on a full risk assessment. At the start of each audit, relevant areas of risk are discussed with the responsible manager to assist in the focus of the audit work.

4.7 Corporate / Citywide Implications:

Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

SUPPORTING DOCUMENTATION

Appendices:

1. Annual Report and Opinion 2009/10

Background Documents

1. Accounts & Audit Regulations 2003 (Amended 2006)
2. Code of Practice for Internal Audit in Local Government 2006 (CIPFA)
3. Internal Audit Plan 2009/10
4. Individual Internal Audit Reports issued in 2009/10