

AUDIT SERVICES ASSURANCE REPORT 2006/07**Report By: Audit Services Manager****Wards Affected**

County Wide

Purpose

The purpose of the Assurance Report is to update Members on the progress made in relation to the Audit Plan and to bring to their attention any key internal control issues.

In addition the report updates Members on the actions or the current position on key issues raised for 2005/06 that require attention.

Financial Implications

None

Reasons

Compliance with good practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom.

The Audit Commission Annual Audit and Inspection letter has highlighted the progress being made in the development of the Audit and Corporate Governance Committee, consideration of the Assurance Report continues the Committees development.

Considerations**Key issued identified in 2005/06**

1. The Audit Committee considered the Annual Assurance Report for the year ending 31st March 2006 on 30th June 2006. Five key issues were identified as being relevant to the Councils Statement on Internal Control.
2. As detailed in the main report good progress is being made on the key issues identified in relation to 2005/06.

Progress On The Plan

3. Three key elements have effected the overall completion of the Audit Plan for 2006/07. Firstly the level of time spent verifying performance indicators, secondly the time taken to review the Council's fundamental systems and thirdly the work required on the new DfES

Toolkit. To help align the Audit Plan to available resources in consultation with the Directors, priorities were identified and the work as detailed in paragraph 7.5 of the main report was deferred.

4. The deferral did not impact adversely on the level of work required to give an end of year opinion on the Council's system of internal control.
5. Although progress is being made in relation to the Use of Resources, the Internal Control element scored a 2 out of 4. An action plan is now in place with a view to improving the Internal Control score.
6. The Audit Services review in relation to the Statement on Internal Control showed that the Council's procedures and protocols compared favourably with the CIPFA checklist and overall was found to be satisfactory.
7. Eighteen fundamental systems were reviewed with four being given good audit opinions, ten being given satisfactory opinions, three were given marginal opinions and one an unsatisfactory opinion.
8. There were six systems that warranted a mention due to their Audit Opinion, management action is being taken, there will be some Audit follow up work in these areas and the Audit and Corporate Governance Committee will be updated accordingly.
9. Nine Critical 1 recommendations were made during the year, management have agreed to take action, Audit follow up work will be done and the Audit and Corporate Governance Committee updated accordingly.
10. Management responses to audit recommendations continue to be positive during the year, they agreed to take action on 97%. Audit follow up work of previous recommendations on a sample basis showed that action was being taken on only 75%, which is not an acceptable level. This is 6% lower than last year. Additional follow up work is being done by Audit Services and the Audit and Corporate Governance Committee will be advised of the outcome.
11. The Audit Commission continues to be able to rely on the work of the section.

Areas for Improvement

12. Other than the areas identified in the Council's Statement on Internal Control there were no other areas identified for improvement.

Risk Management

13. If Audit Services does not complete all fundamental system reviews and a cross section of other reviews there is the likelihood that the Audit Services Manager will not be able to give an opinion on the Council's overall internal control environment. Although certain areas of work had to be deferred this did not impact adversely on the level of

work required to give an end of year opinion on the Council's System of Internal Control

RECOMMENDATION

THAT The Audit and Corporate Governance Committee considers the Assurance Report for 2006/07.

BACKGROUND PAPERS

- None identified