

AUDIT SERVICES ASSURANCE REPORT 2002/03**Report By: County Treasurer****Wards Affected**

County-wide

Purpose

1. To report on Audit Services activity during the year 2002/03, give an opinion on the Council's overall level of internal control and highlight any areas of concern.

Considerations

2. The four-year Strategic Plan is based on a detailed risk assessment evaluation, which directs Internal Audit work as encompassed in the Annual Plan.
3. The detailed Assurance report for 2002/03 is attached at Annex 1 with the key conclusions set out below and has been considered by the Chief Executive's Management Team, and by Cabinet on 4 September.
4. Following assessment of the Council's overall level of internal control, a satisfactory level of control has been achieved.
5. There are several issues, which we would like to draw to the Strategic Monitoring Committee's attention. Although Internal Audit has identified issues at service level, these are not material issues that affect the Council's overall level of internal control. Where problems have been identified, immediate management action has been undertaken to ensure that control mechanisms are in place. An example here being the Bank Reconciliation Audit where the allocation of additional resources has ensured good progress in solving the problems identified. The overspend on Housing Repairs also resulted in robust management action, in addition to a separate report to the Special Accounts Committee. It is likely, however, that within the Audit Commission's annual management letter reference will be made to fundamental systems which have a marginal or worse opinion.
6. The key issues highlighted relate to IT security and Performance Management, both of which are being addressed as matters of high priority this year.
7. It is satisfying to report that there has been a further reduction in the number of unsatisfactory (weak) Audit Opinions from seven last year to three this year. The Chief Executive's Management Team has considered these individually and there were no residual issues to draw Cabinet's attention or subsequently to Strategic Monitoring Committee.
8. Management continue to respond positively to recommendations and has agreed to take action on 98% of the recommendations made, which is a similar figure to last year.

9. The Audit Commission has now completed its full review of Internal Audit's work for last year, and whilst making recommendations regarding process improvements, it continues to be satisfied with the quality and coverage.

RECOMMENDATION

THAT the Committee notes and comments on the current position.

BACKGROUND PAPERS

Report to Cabinet – 4 September 2003.