

Subject:	Annual Internal Audit Report 2012/13	Status:	For Publication
Report to:	Audit and Accounts Committee	Date:	25 June 2013
Report of:	Head of Internal Audit	Portfolio Holder:	A Well Managed Council
Key Decision:	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Community Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATION(S)
1.1	Members are asked to consider the internal audit annual report for the period 1 April 2012 to 31 March 2013.

2. PURPOSE OF REPORT

- 2.1 The Audit and Accounts Committee's terms of reference require it to advise the Council on the planned activity and results of internal audit. The Committee will, on a periodic basis, consider the Head of Internal Audit's annual opinion and report.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **A clean and green Rossendale** – creating a better environment for all.
 - **A healthy and successful Rossendale** – supporting vibrant communities and a strong economy.
 - **Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Failure to comply with the Public Sector Internal Audit Standards issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the production of an annual report would undermine confidence in the unit and its ability to provide the Authority with the necessary level of assurance in relation to their business risks;
 - The report ensures the Council is able to progress in matters of Financial Management and therefore improve its scoring in the Use of Resources assessments;
 - The report enables the Leader and Chief Executive to report in the Annual Governance Statement.

5. BACKGROUND AND OPTIONS

- 5.1 The Public Sector Internal Standards issued by CIPFA state that the Head of Internal Audit's formal annual report to the organisation should:
- (a) include an opinion on the overall adequacy and effectiveness of the organisation's internal control environment;
 - (b) disclose any qualifications to that opinion, together with the reasons for the qualification;
 - (c) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
 - (d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the statement on internal control;
 - (e) compare the work actually undertaken with the work that was planned and summarise the performance of the Internal Audit function against its performance measures and targets; and
 - (f) comment on compliance with these standards and communicate the results of the Internal Audit quality assurance programme.
- 5.2 The annual report to the Authority meets those requirements and is attached in Appendix A.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

- 6.1 Any financial implications arising are noted in the report.

7. MONITORING OFFICER

- 7.1 Any legal implications are commented upon in the report.

8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 8.1 No Human Resource implications.

9. CONSULTATION CARRIED OUT

- 9.1 Directors and Heads of Service (relevant to the individual audit review).

10. CONCLUSION

- 10.1 The annual report is an independent and objective opinion on the adequacy of the Council's control environment.
- 10.2 The annual report concludes that the council's internal control environment, taken as a whole, is adequate and generally effective. An overall substantial assurance has been provided over the internal control environment.

Background Papers

Document	Place of Inspection
Accounts and Audit (England) Regulations 2011 – Statutory Instrument 817	Financial Services
Public Sector Internal Audit Standards, CIPFA 2013	Financial Services