



Chester-le-Street District Council

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| Report to: | Full Council |
| Date of Meeting: | 19th March 2009 |
| Report from: | Audit Committee Chair |
| Title of Report: | Internal Audit Annual Report 2008/09 |
| Agenda Item Number: | |

1. PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to submit for information the Annual Report of the Acting Head of Internal Audit which contains the opinion on the effectiveness of the control environment for the 2008/09 financial year.

2. CONSULTATION

- 2.1 The Acting Head of Resources, Corporate Governance Group and the Audit Committee were consulted on the report.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 The Accounts and Audit Regulations 2003 (amended 2006) and subsequent CIPFA Code of Internal Audit Practice 2006 (the Code) requires Internal Audit to report annually to *'those charged with governance'* on their findings and conclusions and provide an overall opinion on the effectiveness of the internal control environment.

4. IMPLICATIONS

- 4.1 Financial Implications and Value for Money Statement

None

- 4.2 Local Government Review Implications

None

- 4.3 Legal Implications

This report is a statutory requirement of the Accounts and Audit Regulations 2003 which require Internal Audit to '*those charged with governance*' on their findings and conclusions and provide an overall opinion on the effectiveness of the internal control environment.

4.4 Personnel Implications

None

4.5 Other Services

None

4.6 Diversity

None

4.7 Risk Implications

Internal Audit is an integral part of the Council's approach to risk management because it contributes to the organisation's overall process for ensuring that an effective control environment is maintained.

4.8 Crime and Disorder Implications

None

4.9 Data Quality Implications

None

4.10 Other Implications

None

5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL

5.1 Attached as **Appendix A** is the annual report on the performance of the Internal Audit Section for 2008/09 together with the opinions on all audit assignments completed during the year. The report also includes the overall opinion on the effectiveness of the internal control environment. This Annual Report was reported to the Corporate Governance Steering Group and to the Audit Committee on 12th March 2009 and its findings and opinion are supported by them.

5.2 The key points are that:

- In the review of effectiveness of the Internal Audit section, which is conducted annually, and which was externally verified by Head of Internal Audit at Derwentside District Council, the section was found to be compliant with nine of the 11 standards in the CIPFA code of practice.
- Based upon their last review of the section the Audit Commission were able to place reliance upon the work of the section and were satisfied that appropriate constitutional and management arrangements were in place.
- Responses to post-audit questionnaires were positive and indicated a confidence in the quality and professionalism of the Internal Audit section.
- During 2008/09, 78% of the planned productive days were completed and 96% of the audit plan was delivered.
- The section completed a total of 13 assignments, nine audits of systems material to the Council's financial statements and four investigations. Based upon the audit assignments carried out during 2008/09 the internal control environment is considered to be effective.

6. RECOMMENDATIONS

- 6.1 Council notes and receives the Internal Audit Annual Report 2008/09.

7. BACKGROUND PAPERS / DOCUMENTS REFERRED TO

- 7.1 Accounts and Audit Regulations 2003
CIPFA Code of Practice for Internal Audit 2006
Reports on Internal Audit assignments during 2007/08

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DESIGNATION: Acting Head of Internal Audit

DATE OF REPORT : 6th March 2009

VERSION NUMBER: 1.1

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