

CAMBRIDGE CITY COUNCIL

REPORT OF: Head of Internal Audit

TO: Civic Affairs Committee

27 June 2012

WARDS: All

HEAD OF INTERNAL AUDIT: ANNUAL AUDIT OPINION 2011 / 2012

1 INTRODUCTION

- 1.1 Under the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, the Head of Internal Audit (HIA) should provide a written report to those charged with governance. This is timed to support the Annual Governance Statement (AGS), which is also being presented to this committee for challenge by Members, before being signed off by the Leader of the Council and Chief Executive. The Head of Internal Audit is required, under the code, to give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment and the risk management framework.

2 RECOMMENDATIONS

- 2.1 Members of Civic Affairs Committee are asked to review, and provide challenge to, the opinion of the Head of Internal Audit.

3 OVERALL OPINION

- 3.1 **The overall conclusion is that Cambridge City Council has a fundamentally sound governance framework from which those charged with governance can gain assurance.**
- 3.2 However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

4 BACKGROUND

- 4.1 The Internal Audit service works within a framework of:
- General acceptance of control within the management culture;
 - Agreement of actions arising from Internal Audit reports; and
 - A high level of support from Senior Management and Members.
- 4.2 Audits are conducted in accordance with the principles contained in the Auditing Practices Board's auditing guideline '*Guidance for Internal Auditors*', CIPFA's '*Code of Practice for Internal Audit in Local Government in the United Kingdom 2006*' and with other relevant statutory obligations and regulations.

4.3 Given this context, and in the light of work undertaken in the year, the Head of Internal Audit is able to give full assurance on the adequacy and effectiveness of the organisation's internal controls in respect of the work undertaken. Further details are available in **Appendix 1**.

4.4 In preparing the overall opinion, the Head of Internal Audit has reviewed all audit activity carried out relating to 2011/2012. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified by managers. Where weaknesses in control are identified, an action plan is agreed with management and this is recorded in the Council's Risk Register. Progress is monitored with target dates for delivery of these agreed actions during the year.

5 SIGNIFICANT CONTROL WEAKNESSES

5.1 A number of key issues have been identified from the work of the Internal Audit team during 2011-12, and actions agreed to resolve them, however these are not considered to be weaknesses in governance arrangements and therefore have not fed through into this year's Annual Governance Statement.

6 CONSULTATIONS

6.1 Managers and Heads of Service are consulted on all Internal Audit reports at draft stage to agree the management agreed action plan. Directors, the Leader of the Council, relevant Executive Councillor and the Council's External Auditors receive copies of the final versions of all Internal Audit reports. Copies of Executive Summaries are sent to the Chief Executive and the Council's Monitoring Officer; in addition, final reports are on the secure intranet allowing access by all Councillors.

7 IMPLICATIONS

- (a) **Financial Implications:** None
- (b) **Staffing Implications:** None
- (c) **Equal Opportunities Implications:** None
- (d) **Environmental Implications:** None
- (e) **Community Safety:** None

BACKGROUND PAPERS:

The following are the background papers that were used in the preparation of this report:

- Audit Plan for 2011/2012;
- Audit Reports issued during 2011/2012;
- Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (CIPFA).
- Accounts and Audit Regulations 2011

To inspect these documents contact Steve Crabtree on extension 8181.

The author and contact officer for queries on the report is Steve Crabtree on extension 8181.