

AUDIT COMMITTEE	AGENDA ITEM No. 5
24 JUNE 2013	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Committee Member responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

INTERNAL AUDIT: ANNUAL AUDIT OPINION 2012 / 2013

R E C O M M E N D A T I O N S	
FROM : John Harrison, Executive Director (Strategic Resources)	Deadline date : N/A
Audit Committee is asked to	
1. Receive, consider, provide challenge to and endorse the attached Chief Internal Auditor's annual report for the year ended 31 March 2013.	

1. ORIGIN OF REPORT

This report provides details of the performance of Internal Audit during 2012 / 2013 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the Council.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following "2.2.1.1 *To consider the annual audit report and opinion of the Executive Director (Strategic Resources) and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements*".
- 2.2 The report provides an overall opinion on the soundness of the control environment in place to minimise risk to the Council. It is based on the findings of completed internal audits.

3. BACKGROUND

- 3.1 The Internal Audit Opinion is based on review work undertaken during the period April 2012 to March 2013 and is set out in the attached **Appendix A**.
- 3.2 In preparing the opinion, the Chief Internal Auditor has reviewed all audit activity carried out relating to 2012 / 2013. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified. Where systems have fallen below expected standards, details of these have been identified within the report as well as through out the year to Audit

Committee. Furthermore, ongoing internal performance indicators are monitored and their level of achievement, or otherwise, are included for information purposes.

4. OVERALL OPINION

4.1 **The overall conclusion based on our work is that Peterborough City Council has a sound governance framework from which those charged with Governance can gain reasonable assurance.** Internal Audit has made a number of recommendations to further improve the systems of control and the organisation is actively working to make improvements in these areas. Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound although there are some areas where improvements are necessary. **However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.**

5. CONSULTATION

5.1 Summary committee reports are produced and discussed periodically through Audit Committee for information and challenge. All audit reports are issued on a monthly basis to the appropriate Head(s) of Service for action, Executive Directors, Chief Executive, Leader of the Council and the Chair of Audit Committee in accordance with the agreed Audit Charter (last approved by Audit Committee 27 March 2013).

6. ANTICIPATED OUTCOMES

6.1 That the Audit Committee is informed of the Internal Audit Opinion and the work carried out by Internal Audit to support this.

7. REASONS FOR RECOMMENDATIONS

7.1 In accordance with the Accounts and Audit Regulations 2011; the CIPFA Code of Practice for Internal Audit in Local Government 2006 and the recently adopted Public Sector Internal Audit Standards (2013), this report summarises the work of the Internal Audit section and its outcomes in their review of internal control for the last financial year. This should be incorporated with the results of other reviews to produce the required Annual Governance Statement.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 No other options appropriate.

9. IMPLICATIONS

None.

10. BACKGROUND DOCUMENTS

(Used to prepare this report in accordance with the Local Government (Access to Information) Act 1985)

- Internal Audit Plan 2012 / 2013; and
- Internal Audit reports

11. APPENDICES

- Appendix A – Annual Audit Opinion 2012 / 2013