

19 July 2012		ITEM 14
Audit Committee		
HEAD OF INTERNAL AUDIT'S DRAFT ANNUAL REPORT 2011/12		
Portfolio Holder: Cllr Phillip Smith, Portfolio Member Central Services		
Wards and communities affected: All	Key Decision: Not Applicable	
Accountable Head of Service: Chris Harris, Head of Internal Audit		
Accountable Director: Martin Hone, Corporate Director of Finance and Corporate Governance		
This report is Public		
Purpose of Report: Review of audit work undertaken and opinion on internal control environment for 2011/12		

EXECUTIVE SUMMARY

1. RECOMMENDATIONS:

1.1 That the Audit Committee

Receive and note the Head of Internal Audit's Draft Annual Report for 2011/12. It should also be noted that this is a draft report and may be subject to change following RSM Tenon's quality assurance review process by two Directors.

2. INTRODUCTION AND BACKGROUND:

2.1 The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal audit is therefore a key part of Thurrock Council's internal control system and integral to the framework of assurance that the Audit Committee can place reliance on to assess its internal control system.

2.2 Under the Accounts and Audit Regulations 2006 (amended) the Council is responsible for maintaining an adequate and effective system of internal audit. This responsibility has been delegated to the Corporate Director Finance and Corporate Governance under the Executive Scheme of Delegation and is

delivered through the Head of Audit in consultation with the Corporate Director of Finance and Corporate Governance.

- 2.3 The CIPFA Code of Practice for internal audit in Local Government in the United Kingdom specifies organisational standards that underpin the delivery of an effective internal audit department, including the independence and status of the Head of Internal Audit.
- 2.4 The procedures and practices that Internal Audit operates at Thurrock are designed to reflect adherence to these standards.
- 2.5 The CIPFA Code of Practice further states that The Head of Internal Audit must provide a report to those charged with governance to support the Annual Governance Statement and that this should include an opinion on the overall adequacy and effectiveness of the organisations control environment.

3. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 3.1 The achievement of corporate priorities is a key consideration of the Corporate Directors, senior management and internal audit when they are planning the years work. A positive opinion in the Head of Internal Audit's Annual Report provides an independent assurance that the Authority has adequate control and risk management processes in place.

4. IMPLICATIONS

4.1 Financial

Implications verified by: **To be verified**
Telephone and email:

There are no direct financial implications arising from this report.

4.2 Legal

Implications verified by: **To be verified**
Telephone and email:

The Council has the legal obligation under the Accounts and Audit (Amendment)(England) Regulations 2006, to maintain an adequate and effective system of internal auditing of its accounting records and systems of internal control. The effectiveness of the system of internal audit should be reviewed annually and a report of the review considered by the appropriate body in the Council, in this case the Audit Committee. In receiving and considering this report, the Council is complying with its obligations under the Regulations.

4.3 **Diversity and Equality**

Implications verified by: **To be verified**
Telephone and email:

There are no direct diversity and equality implications arising from this report.

4.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

In terms of risk and opportunity management, the Head of Audit's Annual Report and its outcomes are a key part of the Council's risk management and assurance framework. The Annual Report provides an opinion that includes a review of the Council's risk and opportunity register.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

- Internal Audit Reports issued in 2011/12.

APPENDICES TO THIS REPORT:

- Head of Internal Audit's Draft Annual Report 2011/12.

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