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| Report to | Audit Committee |
| Date | 20 June 2011 |
| By | Chief Finance Officer |
| Title of Report | Internal Audit Annual Report and Opinion 2010/11 |
| Purpose of Report | To present to the Audit Committee the Internal Audit Annual Report and Opinion 2010/11 |

Recommendation: It is recommended that Members note the contents of the report in particular:

- **The Internal Audit Opinion for 2010/11 on the adequacy and effectiveness of the internal control**
 - **Internal audit coverage and any significant issues emerging**
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1. Introduction

- 1.1 This report presents the Internal Audit and Opinion Annual Report for 2010/11 to Members of the Audit Committee. The full Annual Report and Opinion is attached at **Appendix 1** and includes:
- The annual opinion on the adequacy and effectiveness of the Authority's internal control environment.
 - Internal audit coverage and output for 2010/11
 - Internal audit performance 2010/11.
- 1.2 The opinion contributes to the annual review of governance arrangements and the production of the Annual Governance Statement as required by the Accounts & Audit Regulations (as amended) 2006.

2. Background

- 2.1 The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of the Authority's internal control, risk management and governance arrangements. This includes identifying and actions for improvements for the effective use of resources. Internal audit is therefore a key part of the Authority'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 The internal audit function is currently provided by the Audit and Business Risk Service of Brighton and Hove City Council. It carries out the work to satisfy the legislative requirement and reports its findings, conclusions and recommendations to Senior Managers and the Audit Committee.
- 2.3 Proper practice under the above regulations is defined by the CIPFA Code of Practice for Internal Audit in Local Authorities and has been adopted by the Authority. This requires us to produce a report that:
- Provides an opinion on the overall adequacy and effectiveness of the organisation's control environment.
 - Discloses any qualifications to that opinion, together with reasons.
 - Presents a summary of the audit work from which the opinion is derived.
 - Draws attention to any issues of particular relevance.

- Compares the audit work actually undertaken against that planned.
- 2.4 The operational Internal Audit Plan for 2010/11 was presented and approved by the Audit Committee in October 2010. The Annual Report and Opinion therefore provides details of the outturn against the planned and unplanned work that was detailed in that plan..
- 3. Resources**
- 3.1 The Internal Audit Plan for 2010/11 was delivered within the approved budgetary resources for the year.
- 4. Risk Management**
- 4.1 Internal Audit has an important role to play in relation to effective risk management for the organisation.
- 5. Human Rights, Equalities, Health and Safety**
- 5.1 None.
- 6. External Consultees**
- 6.1 None.

CATHERINE VAUGHAN
Chief Finance Officer

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| Appendices | Appendix 1: Internal Audit Annual Report and Opinion 2010-11 |
| SDNPA Consultees | Chief Finance Officer, Chief Executive Officer, Monitoring Officer & Director of Corporate Services. |