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**REPORT TO:** FINANCE & MANAGEMENT

**AGENDA ITEM:** 18

**DATE OF MEETING:** 18<sup>th</sup> FEBRUARY 2003

**CATEGORY:** OPEN

**REPORT FROM:** CHIEF FINANCE OFFICER

**MEMBERS' CONTACT POINT:** TONY STAMPER (5706)

**DOC:** s:\cent\_serv\committee reports\finance and management\18 feb 2003\annual report 20012.doc

**SUBJECT:** ANNUAL REPORT OF THE INTERNAL AUDIT SERVICE

**REF:** TJN/SH

**WARD(S) AFFECTED:** ALL

**TERMS OF REFERENCE:** FM09

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## **1.0 Recommendations**

1.1 Members are asked to:-

⇒ Note the annual report of the internal audit service attached.

## **2.0 Purpose of Report**

2.1 To provide members with information of the work of internal audit over the last year and to seek approval for the internal audit work plan covering this financial year.

## **3.0 Executive Summary**

3.1 The Annual Report of the Council's Internal Auditors confirms that the Council's key financial systems are being operated in a responsible way to prevent fraud and financial irregularity.

## **4.0 Detail**

4.1 The Council's Internal Audit Team carry out a range of Audits in accordance with the Council's Annual Audit Plan.

4.2 The team works closely with the Council's external auditors, who place a considerable degree of reliance on the work carried out the internal audit team.

4.3 In essence, Internal Audit check that existing financial systems are working effectively to prevent fraud and financial irregularity.

4.4 As most financial transactions are heavily computerised, this means that increasingly audit work focuses on the effectiveness of computer systems that are used to administer Council finances.

4.5 The report of the Internal Audit Team at Annex A explains how the team approaches its work and provides a summary of their work over the last year.

4.6 It would be impossible for any Audit Team to look at all the Council's activities in any one year. This means that their work is prioritised based on the perceived level of risk involved.

4.7 Appendix 1 sets out the Annual Audit Plan for the current year 2002/3. This summarises the main areas of audit work in the current year.

## **5.0 Financial Implications**

5.1 None stemming directly from this report.

## **6.0 Conclusions**

6.1 The Council has effective procedures to safeguard the finances of the Authority.

## **7.0 Background Papers**

7.1 None