

Audit Committee Meeting	Agenda Item:
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Meeting Date	19 th September 2011
Report Title	Internal Audit Assurance – Direction of Travel Report
Portfolio Holder	Cllr Duncan Dewar-Whalley - Cabinet Member for Finance and Performance
SMT Lead	Mark Radford – Director of Corporate Services
Head of Service	Brian Parsons - Head of Audit Partnership
Lead Officer	Jennifer Daughtry – Audit Manager
Key Decision	No
Classification	Open

Recommendations	1. That agreement is given to the introduction of a regular Audit Assurance Report for Audit Committee consideration.
	2. That the report is circulated at Committee Meetings for ongoing assurance of the adequacy of arrangements for delivery of improvements to identified weaknesses in internal controls

1. Purpose of Report and Executive Summary

- 1.1 This report recommends the introduction of an internal Audit Progress Report to provide assurance to the Audit Committee that internal control weaknesses identified during the audit process are being effectively monitored and improved in a timely manner.

2 Background

- 2.1 A responsibility of the Audit Committee is to review summary internal audit reports and the main issues arising and to seek assurance that action has been taken where necessary
- 2.2 The Head of Audit Partnership currently provides Audit Committee members with summary audit reports on an annual and mid-year basis. Each report provides a controls assurance assessment for each completed audit together with a further assurance assessment after management action has been taken address recommendations arising from the audits.
- 2.3 The Chairman of the Audit Committee has requested a more frequent assessment of progress to improve member oversight of the adequacy of the internal control environment.

3 Proposal

- 2.1 It is proposed that a tabular report is provided to future Committee meetings to supplement the current annual and mid-year Audit reporting arrangements.
- 2.2 The reports will provide a direction of travel indicator for each completed audit and be colour coded in line with standardised RAG ratings (Red, Amber, Green) according to the adequacy of the internal control assessment arising from the audit and follow-up process.

4 Alternative Options

- 4.1 Current arrangements for the reporting of the effectiveness of the audit and follow-up process could continue but it is considered that more frequent reporting will support desired improvements in Committee oversight of the internal control environment.

5 Consultation Undertaken or Proposed

- 5.1 This proposal has been discussed with the Chairman of the Audit Committee and the Director of Corporate to consider the benefits to be obtained from implementing this more frequent reporting arrangement, prior to consideration by full Committee.

6 Implications

Issue	Implications
Corporate Plan	This proposal will support the Committee in discharging its independent assurance duties effectively.
Financial, Resource and Property	There are no direct implications at this stage.
Legal and Statutory	There are no direct implications at this stage.
Crime and Disorder	There are no direct implications at this stage.
Risk Management and Health and Safety	This proposal will support the Committee in discharging its independent assurance duties effectively.
Equality and	There are no direct implications at this stage.

Diversity	
Sustainability	There are no direct implications at this stage.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report

- Appendix I: Internal Audit Assurance – Direction of Travel Report

8 Background Papers

8.1 There are no associated background papers.