

**AUDIT AND GOVERNANCE COMMITTEE**

**22 JULY 2011**

**AUDIT COMMISSION - INTERIM OPINION REPORT 2010/11**

**Report of Executive Director of Commercial and Corporate Services**

**1.0 Purpose of the report**

- 1.1 This report details the Audit Commission's (AC) Interim Opinion Report on the work carried out to up until June 2011 and which will inform the audit opinion for 2010/2011.

**2.0 Interim Opinion Report 2010/2011**

- 2.1 The attached document advises of the main findings of their audit work to date and observes International Standards on auditing United Kingdom and Ireland.

- 2.2 The report is positive and the areas covered include:

- Interim Financial Systems Work
- Review of Internal Audit
- IT Risk Assessment
- Tax Risk Assessment
- Early work on IFRS compliance

- 2.3 Interim Financial Systems Work

The findings are set out in the Auditors report at Appendix 1 (pages 5 to 8) with the main conclusion that in general the key controls within the Council's main financial systems are operating as designed. There are a number of recommendations that are set out in the Appendix to the Auditors report and actions have been agreed with officers to address these issues which are considered to be low risk.

- 2.4 Review of Internal Audit

The review concluded that the Internal Audit continues to meet its professional and statutory duties.

- 2.5 IT Risk Assessment

The review found that the IT arrangements for the key financial systems present a low risk of material error in the 2010/2011 accounts. Some weaknesses were identified in general IT controls which have been separately

discussed with officers and the Head of ICT in drawing up an agreed action plan.

## 2.6 Tax Risk assessment

The appropriate arrangements were found to be in place with no risk of material mis-statement for the audit opinion.

## 2.7 IFRS Early work

It is pleasing to note that the arrangements in place have worked well and have helped in the audit work carried out to date. Only minor amendments have been identified and these have, in fact, been corrected in the accounts certified at 30<sup>th</sup> June 2011.

## 2.8 An officer from the Audit Commission will be in attendance to outline the content of the Report and to answer member questions.

## 3.0 Description of Decision

### 3.1 The Committee is recommended to:

- Note the contents of this report

## Background Papers

Audit Commission: Interim Opinion Report 2010/2011