

CANNOCK CHASE COUNCIL
AUDIT & GOVERNANCE COMMITTEE
19TH FEBRUARY 2006
REPORT OF THE CHIEF INTERNAL AUDITOR
INTERNAL AUDIT - QUARTER 3 REPORT FOR 2006-07

1. Purpose of Report

- 1.1 To present to the Audit & Governance Committee for information the Internal Audit Quarter 3 Report for 2006-07.

2. Recommendations

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| 2.1 That the Committee notes the contents of the Internal Audit Report for Quarter 3 of 2006-07, and in particular the revisions to the Audit Plan for 2006-07 as outlined in 5.3 |
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3. Key Issues

- 3.1 Attached at Annex 1 is the Internal Audit Report for the third quarter of 2006-07.
- 3.2 Of work undertaken in the third quarter two audits have been given limited assurance. Progress in implementing the recommendations arising from these audits will be reported backed to the Committee in due course.
- 3.3 With regard to follow-up audits, it is encouraging to be able to report once again that all three areas originally given Limited Assurance have been reclassified as Adequate.
- 3.4 Due to a number of circumstances it has been necessary to revise significantly the audit plan for the current year.

4. Legal Implications

- 4.1 The role the Internal Audit Section provides an effective mechanism and tool to identify weaknesses within the control systems of the Council that could potentially present the Council with various legal difficulties. The Council owes a duty of care to its employees, visitors, workers and other persons entering onto the premises of the Council. The Council is accountable for its actions and the resources expended in the provision of services. Accordingly, it is vital that any deficiencies that may exist in the organisation that may undermine the delivery, discharge and performance of the Council's duties and obligations are identified and remedial action taken.
- 4.2 Failure to carry out proper and extensive inspections of the Council's activities and procedures could expose the Council to legal challenge through litigation whether that be through civil actions or criminal prosecutions, should appropriate and necessary steps not be undertaken.

- 4.3 The implementation of Audit recommendations would provide considerable assistance in addressing weaknesses and risks in and to the organisation, thereby reducing the possible exposure of risk and liability to the Council.

5. Financial Implications

- 5.1 There are no financial implications arising directly from this report, however, in resolving any serious issues that have arisen from the outcome of an audit, managers must either:

- Implement audit recommendations within existing budgets; or
- Submit a report to Council requesting a supplementary estimate to obtain further resources to help implement audit recommendations.

6. List of Background Papers

- Audit Plan File
- Audit Time Recording System
- Internal Audit Reports

7. Annexes to the Report

Annex 1 – Internal Audit Quarter 3 Report for 2006-07