

Non-Executive Report of the: Audit Committee 25 th July 2018	
Report of: Zena Cooke – Corporate Director Resources	Classification: [Unrestricted or Exempt]
Annual Report of the Head of Internal Audit	

Originating Officer(s)	Steven Tinkler
Wards affected	All Wards

Executive Summary

This report provides the annual audit opinion of the Head of Internal Audit in accordance with the requirements of the Public Sector Internal Audit Standards. The opinion supports the governance conclusions included within the Annual Governance Statement, which forms part of the statement of accounts required under the Accounts and Audits Regulations 2015.

Recommendations:

The Audit Committee is recommended to:

1. Consider the content and opinion of the Head of Internal Audit as outlined within the annual report and which includes a summary of the audits undertaken which have not previously been reported.

1. REASONS FOR THE DECISIONS

- 1.1 Internal Audit is a statutory requirement for local authorities under the Accounts & Audit Regulations 2015 for English local authorities (including police and fire bodies), which states that a local authority shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices.
- 1.2 These regulations further recognise the need to follow public sector internal audit standards and also remove the need for a separate review of the effectiveness of internal audit.
- 1.3 The Public Sector Internal Audit Standards(PSIAS) define the way in which

internal audit should undertake its functions and requires that a written report is submitted to those charged with governance, which should include an opinion on the overall adequacy and effectiveness of the Council's control environment. The Annual Opinion supports the Annual Governance Statement (required under Regulation 4(2) of the Accounts and Audit Regulations 2015).

2. ALTERNATIVE OPTIONS

2.1 None

3. DETAILS OF THE REPORT

- 3.1 The attached report summarises the scheduled, unplanned and investigation work undertaken by internal audit during the financial year 2017/18. It focusses on the outcomes of audit reviews, management actions, counter fraud activities and service performance.
- 3.2 The Regulations also require that a formal review of the 'effectiveness of the system of internal audit' is conducted. The Annual Audit Opinion together with the review of conformance with the Public Sector Internal Audit Standards provides this assurance.
- 3.3 The assurance opinion provided within the Annual Internal Audit report informs and forms part of the 2017/18 Annual Governance Statement which is to be presented to the Audit Committee.

On the basis of the audit and counter fraud work undertaken during 2017/18 financial year, it is my opinion that I can provide reasonable assurance that the authority has adequate systems of internal control and that this has been operating effectively during 2017/18. The internal control environment (including the key financial systems, risk and governance) is in the main well established and operating effectively in practice.

The assurance opinion is considered consistent with the ongoing transformation activities and the continued implementation of the Best Value Improvement Plan actions.

However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give this assurance.

The level of assurance therefore remains at a similar level as provided for 2016/17.

4. EQUALITIES IMPLICATIONS

4.1 There are no specific equality implications resulting from this report

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.

5.2 The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment and to oversee the financial reporting.

5.3 This report has therefore been provided within this context to ensure the committee is able to perform its core function and to consider summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no specific financial implications arising from the contents of this report.

7. COMMENTS OF LEGAL SERVICES

7.1 The Council is under a duty to produce an Annual Governance Statement by virtue of regulation 4 of the Accounts and Audit Regulations 2015, which requires authorities to "conduct a review at least once a year of the effectiveness of its system of internal control".

7.2 This report confirms compliance with the above statutory requirement.

Linked Reports, Appendices and Background Documents

Linked Report

NONE

Appendices

- Appendix 1 – Annual Report of the Head of Internal Audit