

Audit & Governance Committee

Date of Meeting: 30 July 2019

Report Title: Internal Audit Annual Report 2018/19

Senior Officer: Catherine Parkinson, Interim Director of Governance and Compliance Services

1. Report Summary

- 1.1. This report provides the Audit and Governance Committee with the Annual Internal Audit opinion on the overall adequacy and effectiveness of the Council's control environment for 2018/19. The report is timed to support the Annual Governance Statement (AGS).

2. Recommendations

- 2.1. That the Committee:
 - 2.1.1. Notes and considers the contents of the Internal Audit Annual Report 2018/19 (Appendix A); and
 - 2.1.2. Notes the Internal Audit opinion on the Council's framework of risk management, control and governance for 2018/19 as "Adequate".

3. Reasons for Recommendations

- 3.1. The Public Sector Internal Audit Standards (PSIAS) require the Council's Chief Audit Executive (Head of Audit and Risk Management) to deliver an annual audit opinion and report which can be used to inform the Annual Governance Statement (AGS).

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the Council, via the Audit and Governance Committee, that these

arrangements are in place and operating properly. The annual internal audit opinion informs the AGS. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council's objectives.

- 5.2. All principal local authorities subject to the Accounts and Audit Regulations 2015 must make provision for internal audit in accordance with the proper practices.
- 5.3. The Chief Audit Executive provides a written report to those charged with governance timed to support the Annual Governance Statement. The primary purpose of the report, which is set out in Appendix A, is to provide an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control i.e. the control environment.
- 5.4. Internal Audit participated in a peer review co-ordinated by the North West Chief Audit Executive Group to facilitate the external assessment required by the Public Sector Internal Audit Standards. The Committee received the individual results of the assessment in September 2018. The Group has produced a summary of findings from the exercise and this is attached for the Committee's information at Appendix B.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. Section 151 of the Local Government Act 1972 requires Councils to make arrangements for the proper administration of their financial affairs and the Accounts and Audit Regulations 2015 establishes a specific responsibility for the Council to conduct a review at least once a year of the effectiveness of its system of internal control

6.2. Finance Implications

- 6.2.1. The Internal Audit team is appropriately resourced to comply with statutory and best practice requirements. Resourcing of the Internal Audit team is regularly monitored and reported upon to the CLT and the Audit and Governance Committee.

6.3. Policy Implications

- 6.3.1. There are no policy implications identified.

6.4. Equality Implications

- 6.4.1. There are no equality implications identified.

6.5. Human Resources Implications

6.5.1. There are no human resources implications identified.

6.6. Risk Management Implications

6.6.1. Failure to consider the effectiveness of the Council's system of internal audit, and the Internal Audit opinion on the Council's control environment, could result in non-compliance with the requirements of the Accounts and Audit Regulations 2015

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. There are no direct implications for children and young people.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. All Ward Members as the report provides the Annual Audit Opinion on the Council's control environment.

8. Access to Information

8.1. The full Internal Audit Annual Report 2018/19 is attached as Appendix A to this report.

9. Contact Information

9.1. Any questions relating to this report should be directed to the following officer:

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