



## Governance & Audit Committee – 24<sup>th</sup> July 2019

### Internal Audit – Annual Internal Audit Report and Opinion

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#### Purpose of report

This report provides a copy of the Annual Report for 2018/19 which contains the Head of Internal Audit's annual opinion on the council's control environment and the basis for this opinion, for the Committee's attention.

#### Attachment:

**Appendix A: Annual Internal Audit Report 2018/19.**

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#### 1.0 Background

1.1 The Public Sector Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit report and opinion on the overall adequacy and effectiveness of the council's governance, risk and control framework (i.e. the control environment) that can be used by the organisation to inform its Annual Governance Statement.

#### 2.0 Internal Audit Opinion

2.1 Based upon the work undertaken by Internal Audit during 2018/19, the Head of Internal Audit's overall opinion on the council's control environment is that Satisfactory Assurance can be given that there is generally a sound system of internal control, designed to meet the organisation's objectives and that controls are generally operating effectively in practice, with the exception of those relating to IT. No systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

2.2 Appendix A to this report provides a copy of the Annual Report which includes the Head of Internal Audit's opinion on the council's control framework for 2018/19 and the basis for this opinion.

#### 3.0 Internal Audit Performance

3.1 The report includes details of the delivery of the Internal Audit Plan for 2018/19 and achievement of the service's performance indicators. The team has delivered 100% of the agreed assignments from the Internal Audit Plan for 2018/19. A summary of the key findings from each assignment is provided within the Annual Report.

3.2 Included within the report is the outcome of an assessment of the Internal Audit service against the Public Sector Internal Audit Standards. This concludes that the Internal Audit service operates in general conformance with the Standards.

#### 4.0 Equality and Diversity Implications

4.1 There are no equality and diversity implications arising from the report.

#### 5.0 Privacy Impact Implications

5.1 There are no privacy impact implications arising from the recommendations in this report.

## 6.0 Legal Implications

6.1 There are no legal implications arising from the report.

## 7.0 Risk Management

7.1 There are no significant risks arising from the proposed recommendations in this report. The Annual Internal Audit Report provides an opinion over the council's governance, risk and control environment based upon work completed by the service and the report highlights any key findings relating to the management of identified risks and controls from the audit reviews.

## 8.0 Resource and Financial Implications

8.1 There are no resource or financial implications arising from the report.

## 9.0 Constitutional Implications

9.1 The report does not require any amendment to the council's Constitution.

## 10.0 Customer Service Implications

10.1 There are no customer service implications arising from the report.

## 11.0 Corporate Outcomes



11.1 Effective Management - The Annual Audit Plan is designed to provide Members with assurance as to the effective management of the council's most significant risks.

## 12.0 Recommendation

12.1 The Committee is recommended to

- (1) Note the Annual Internal Audit Report and Opinion for 2018/19.

*(Reason – to review the performance of Internal Audit against the agreed plan and any key findings regarding the council's risk management and control arrangements in accordance with the Public Sector Internal Audit Standards)*

<b>Legal</b>	Power: It is a statutory requirement for Councils to have an Internal Audit function in accordance with the Local Government Act 1972.				
	Other considerations: Internal audit and the "Audit Committee" should also conform to the relevant professional guidance – the Public Sector Internal Audit Standards.				
<b>Background Papers:</b> None					
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<b>Date:</b> 24 <sup>th</sup> June 2019					
<b>CFO</b> 15/07/19		<b>MO</b> 15/07/19		<b>CX</b>	