



REPORT TO: Audit and Corporate Governance Committee

30th July 2019

LEAD OFFICER: Head of Shared Internal Audit

Annual report of Internal Audit

Purpose

1. This report communicates the annual Head of Internal Audit Opinion, for consideration by the Audit & Corporate Governance Committee.

Recommendations

2. The committee are asked to review the annual opinion of the Head of Shared Internal Audit.

Reasons for Recommendations

3. In accordance with the Public Sector Internal Audit Standards the Head of Shared Internal Audit (HSIA) should provide a written report to those charged with governance. This supports the Annual Governance Statement (AGS), which is also presented to this committee with the Statement of Accounts. The Head of Shared Internal Audit is required to give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment, governance, and the risk management framework.

Background

4. The Internal Audit service works within a framework of:
 - General acceptance of control within the management culture;
 - Agreement of actions arising from Internal Audit reports; and
 - A high level of support from Senior Management and Members.
5. Audits during the year have been conducted in accordance with the principles contained in the Public Sector Internal Audit Standards.
6. Given this context, and in the light of work undertaken in the year, the Head of Internal Audit is able to give reasonable assurance on the adequacy and effectiveness of the organisation's internal controls in respect of the work undertaken. Further details are available in Appendix 1.
7. In preparing the overall opinion, the Head of Internal Audit has reviewed all audit activity carried out during 2018 / 2019. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified by managers. Where weaknesses in control are identified, an action plan is agreed with management. Progress is monitored against target dates for delivery of these agreed actions during the year.

Assurance and opportunities for improvement

8. A number of issues have emerged from across the Council during 2018 / 2019 and these are highlighted in the Head of Internal Audit Opinion where appropriate. Those issues which are considered significant governance issues are incorporated into the

Annual Governance Statement Action Plan. As part of our involvement in the preparation and validation of the Annual Governance Statement we agree that these actions are appropriate.

9. There are also a number of positive assurances which have been summarised in our annual report.

Conclusions

10. The Council remains committed to providing services carried out in accordance with the highest ethical standards and takes steps to investigate all concerns arising.

Considerations

11. The overall opinion is that based on the works undertaken by Internal Audit and other independent assurance work. South Cambridgeshire District Council has adequate and effective systems of internal control in place to manage the achievement of its objectives. We are also aware of potential weaknesses, from other external assurance work and management reviews, and proactively factor these into our ongoing internal audit plan where appropriate. It is also positive to note that follow-up reviews of systems have demonstrated improvements have been made.
12. It is the opinion of the Head of Shared Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment, governance and risk management arrangements, during the financial year 2018/19, and this remains at a similar level to the previous year.
13. However, no system of control can provide absolute assurance against material mis-statement or loss, nor can Internal Audit give that assurance.

Implications

14. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications.

Effect on Strategic Aims

15. None.

Background documents

16. Background papers used in the preparation of this report:
 - Internal Audit Plan 2018/19;
 - Audit reports issued during the year;
 - Public Sector Internal Audit Standards and the Local Government Application Note

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