

Report of the Head of Internal Audit and Corporate Anti-Fraud

AUDIT COMMITTEE – 22nd JULY 2019

INTERNAL AUDIT ANNUAL REPORT 2018/19

1. Purpose of Report

- 1.1 The interim Internal Audit Annual Report was presented to Audit Committee at the June meeting. This gave the Committee an indicative annual opinion of adequate. Internal Audit have now substantially completed their work programme to deliver the 2018/19 Internal Audit Plan. This report has been written on an exceptions basis to highlight to the Audit Committee any outcomes that may have a positive, or negative effect on the interim assurance opinion.

2. Recommendations

- 2.1 It is recommended that the Audit Committee considers the opinion provided by the Head of Internal Audit based on the work undertaken to deliver the 2018/19 Internal Audit Plan regarding the adequacy and effectiveness of the Authority's framework of governance, risk management and control;

3. Head of Internal Audit's Opinion on the Effectiveness of the Authority's Internal Control Environment

- 3.1 The Audit Committee received an adequate interim assurance opinion at the June meeting. This had been given reflecting on an overall satisfactory level of internal controls and their application over the year.
- 3.2 Taking the whole year into account, the audits completed and substantially complete, it is appropriate to confirm and give an overall **adequate** (positive) assurance opinion for the year. The information supporting this opinion is provided below.

4. Summary of Internal Audit 2018/19 Plan Work Since 28th May 2019

- 4.1 Since the 5th June Audit Committee Internal Audit have issued 1 final report as shown in the table below.

Summary of Internal Audit Reports 28th May to 30th June 2018/19

Directorate- Audit Assignment	Assurance Opinion	Number of recommendation raised:			Total	Agreed
		Fundamental	Significant	Merits Attention		
Core – Housing Rents	Adequate	0	1	1	2	2
Total		0	1	1	2	2

4.2 Glassworks Update

Internal Audit were commissioned to undertake a Governance review of the Glassworks. The scope of the audit is to:

“provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the phase two scheme can be delivered (i.e. on time, in budget and to the required standard) and provide for VfM”

Internal Audit progress to date includes:

- Providing challenge and advice on the 'Project Execution Plan';
- Facilitating a Risk workshop around the governance arrangements to inform work in 2019/20;
- Providing challenge and advice on the Risk Registers; and
- Advice on Board governance and decision making.

This programme of work will continue throughout the lifetime of the project.

Audit Committee Members may also like to be reminded that this is the second Internal Audit Review on the Glassworks development. The first, the 'Town Centre Regeneration – Development Management Organisation' review, was completed as part of the 2016/17 Internal Audit Plan. This review resulted in an adequate assurance opinion.

5. Local Area Implications

5.1 There are no Local Area Implications arising from this report.

6. Consultations

6.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive and/or Service Director to apprise him/her of key issues raised and remedial actions agreed. No specific consultation has been necessary in the preparation of this annual report.

7. Compatibility with European Convention on Human Rights

7.1 In the conduct of investigations, Internal Audit operates under the provisions of the Data Protection Act 2018, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

8. Reduction of Crime and Disorder

8.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls. Additionally, Internal Audit ensures that, in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

9. Risk Management Considerations

9.1 There are no specific risks emanating as a result of this report.

10. Employee Implications

10.1 There are no employee implications arising from this report.

11. Financial Implications

11.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function and the external audit fees are included within the Authority's base budget.

12. Background Papers

12.1 Various Internal and External Audit reports, files and working papers.

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