



REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 24 July 2019

REPORT OF THE: SECTION 151 OFFICER (ANTON HODGE)

TITLE OF REPORT: INTERNAL AUDIT AND COUNTER FRAUD ANNUAL REPORT 2018/19

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 In accordance with part 5 of the council's Audit Charter, 'The Head of Internal Audit is required to provide an annual report to the Overview and Scrutiny Committee. The report will be used by the Committee to inform its consideration of the Council's annual governance statement.'
- 1.2 The report summarises the outcomes of audit work undertaken in 2018/19 and provides an opinion on the overall adequacy and effectiveness of the council's internal control arrangements.
- 1.3 The report also updates the committee on counter fraud work undertaken in 2018/19.

2.0 RECOMMENDATION(S)

- 2.1 Members are asked to:
- a) note the results of the audit and counter fraud work undertaken in 2018/19.
 - b) note the overall opinion of the Head of Internal Audit regarding the overall framework of governance, risk management and control operating within the Council.
 - c) note the significant control issues identified through internal audit work in 2018/19.
 - d) note the outcome of the quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards.

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 The committee is responsible for considering reports on the results of internal audit work, in accordance with its terms of reference and the council's audit charter; and in line with the requirements of Public Sector Internal Audit Standards.

4.0 SIGNIFICANT RISKS

- 4.1 The council will fail to comply with proper practice requirements for internal audit, and the council's Audit Charter, if the results of audit work are not considered by an appropriate committee.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The work of internal audit supports the council's overall aims and priorities by promoting probity, integrity and honesty and by helping support the council to become a more effective organisation.

6.0 REPORT DETAILS

- 6.1 The results of completed audit work have been reported to relevant officers during the year. Veritau completed all audit fieldwork work and issued all expected draft reports to management by the end of April 2019.
- 6.2 Summaries of all finalised audit reports have been presented to this committee as part of regular monitoring reports. Details of the audits finalised since the last report to this committee in April 2019 are included in appendix 2 to the supporting report contained in annex A.
- 6.3 The overall opinion of the Head of Internal Audit on the governance, risk management, and control framework operating in the council is that it provides **Reasonable Assurance**. There are no qualifications to that opinion. No reliance was placed on the work of other assurance bodies in reaching this opinion.
- 6.4 The Head of Internal Audit is also required to highlight any significant weaknesses in control that need to be considered for inclusion in the Annual Governance Statement (AGS). The Head of Internal Audit has highlighted internal financial controls for consideration by members for possible inclusion in the 2018/19 Annual Governance Statement. Further information is included in paragraph 7 of annex A.
- 6.5 The Head of Internal Audit is required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure working practices continue to conform to required professional standards. The outcomes from the QAIP (which included an independent review of Veritau's practices in 2018) demonstrated that the service provided by Veritau conformed to the International Standards for the Professional Practice of Internal Auditing. Full details are included in appendix 4 to the supporting report contained in annex A.
- 6.6 The report enclosed in annex B summarises counter fraud work undertaken in 2018/19.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
None
- b) Legal
None
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate Change, Crime & Disorder)
None

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