



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	25 July 2018
REPORT OF THE:	SECTION 151 OFFICER (ANTON HODGE)
TITLE OF REPORT:	INTERNAL AUDIT AND COUNTER FRAUD ANNUAL REPORT 2017/18
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 In accordance with chapter 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 2017/18 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 2017/18.

2.0 RECOMMENDATION(S)

- 2.1 Members are asked to:
- a) note the results of the audit and counter fraud work undertaken in 2017/18
 - b) accept the opinion of the Head of Internal Audit on the adequacy and the effectiveness of the authority's internal control environment.

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 It is recommended the report is considered by the Overview and Scrutiny Committee as it summarises the audit and counter fraud work undertaken during the year. It also includes the overall internal audit opinion on the internal control framework which is relevant in considering the Annual Governance Statement.

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. In addition 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 2018 are included in appendix 2 to the supporting report contained in annex A
- 6.2 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.
- 6.3 Although a reasonable assurance opinion can be given, we are aware of some weaknesses in the control environment which have been identified on Creditors (duplicate payments) Payroll (IR35) and operation of the corporate Risk Management arrangements. These areas should be considered for inclusion in the council's Annual Governance Statement.
- 6.4 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 the required professional standards. The outcomes from the QAIP (which included an independent of Veritau's practices in 2014) demonstrated 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.
- 6.5 The report enclosed in annex B summarises counter fraud work undertaken in 2017/18.

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, Crime & Disorder)
None

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