



PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	22 OCTOBER 2020
REPORT OF THE:	SECTION 151 OFFICER (ANTON HODGE)
TITLE OF REPORT:	INTERNAL AUDIT AND COUNTER FRAUD ANNUAL REPORT 2019/20
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 2019/20 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 2019/20.

2.0 RECOMMENDATION(S)

- 2.1 Members are asked to:
- a) note the results of the audit and counter fraud work undertaken in 2019/20.
 - 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 2019/20.
 - 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. 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 January 2020 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 framework of governance, risk management, and control operating in the council is that it provides **Reasonable Assurance**. No reliance was placed on the work of other assurance bodies in reaching this opinion.
- 6.3 The report notes that we recognise that the Council has made good progress in the last few years to improve its overall governance arrangements. Once these improvements are embedded and sustained, the Council can expect to see a higher rate of assurance.
- 6.4 This opinion is however qualified in light of the current coronavirus pandemic and the impact of this on the council. The opinion is based on internal audit work undertaken, and substantially completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the current short term measures or the overall impact on the framework of governance, risk management and control.
- 6.5 The Head of Internal Audit is 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 that there are no significant control issues to recommend for possible inclusion in the 2019/20 Annual Governance Statement.
- 6.6 On an ongoing basis, internal audit follow up previous audit findings to ensure control weaknesses have been addressed. We have highlighted one area in paragraph 3 of annex A relating to the Transparency Code work from 2018/19 which was included in last year's AGS. It is expected that actions to address the issues raised in that report will be fully completed in 2020/21.
- 6.7 Veritau maintains a quality assurance and improvement programme (QAIP) to ensure that internal audit work is conducted to the required professional standards.

These quality assurance arrangements include ongoing operational procedures, annual internal self-assessment against the PSIAS, and periodic external assessment. The outcomes from the QAIP demonstrate that the service provided by Veritau conforms to professional standards. Further details are included in appendix 4 to the supporting report contained in annex A.

- 6.8 The report enclosed in annex B summarises counter fraud work undertaken in 2019/20.

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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