

Audit Committee

30 July 2020



Report of:	Chief Internal Auditor
Title:	Internal Audit Annual Report 2019/20
Ward:	Citywide
Officer Presenting Report:	Simba Muzarurwi – Chief Internal Auditor
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Recommendation

The Audit Committee notes the Internal Audit Annual Report and the opinion on the Council's Internal Control environment. The Committee may wish to consider the issues identified in the report as potential areas relevant to their annual work programme.

Summary

This report sets out the Chief Internal Auditor's opinion on the Council's internal control framework for the 2019/20 financial year. This annual opinion which is based upon the internal audit work programme during the year informs the Annual Governance Statement, which is a key component of the Council's Statement of Accounts.

Significant Matters Arising:

The Internal Audit Annual Report at Appendix 1 covers the following significant matters;

- The Chief Internal Auditor's opinion on the Council's control, risk and governance arrangements in 2019/20 (Section 2)
- The programme of work completed by the Internal Audit Team from which the opinion is derived (Appendix A to the report)
- The performance of the Internal Audit Service against the previously agreed performance targets (Section 4)
- Statement on the Chief Internal Auditor's personal independence and objectivity (Section 4)
- Areas of further development to enhance compliance and effectiveness (Section 4)

1. Policy

Audit Committee Terms of Reference

2. Consultation

Internal – Corporate Leadership Board including S151 Officer, Cabinet Member for Governance, Resources and Finance.

External – Not Applicable

3. Context

3.1 In accordance with the Public Sector Internal Audit Standards (PSIAS), the Chief Internal Auditor must deliver an annual opinion that forms a key source of assurance to support the Annual Governance which is key part of the Council’s Statement of Accounts. This opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

3.2 The annual opinion must include:

- An annual opinion on the overall adequacy and effectiveness of the organisations governance, risk and control framework;
- A summary of audit work from which the opinion is derived;
- A statement on conformance with the PSIAS and the result of the audit quality assurance and improvement programme;
- Disclosure of any qualifications to the opinion, together with the reasons for the qualification;
- Disclosure of any impairments (in fact or appearance) or restriction in scope;
- Any issue the Chief Internal Auditor judges particularly relevant to the preparation of the Annual Governance Statement.”

3.3 The issues detailed in the attached report have been considered by the City Council in the formulation of the draft Annual Governance Statement for 2019/20.

3.4 The Audit Committee’s Terms of Reference include ensuring that Internal Audit is effective. Section 4 of the Annual Report sets out performance information to enable the Committee to continually assess and consider the effectiveness of internal audit.

4. Proposal

4.1 The Audit Committee note the Internal Audit Annual Report and the opinion on the Council’s Internal Control environment. The Committee may wish to consider the issues identified in the report as potential areas relevant to their annual work programme.

5. Other Options Considered

Not Applicable

6. Risk Assessment

The work of Internal Audit minimises the risk of failures in the Council's internal control, risk management and governance arrangements, reduces fraud and other losses and increases the potential for prevention and detection of such issues. Areas of significant risk are detailed in the report.

Public Sector Equality Duties

7a) No Equality Impact anticipated from this report.

Legal and Resource Implications

Legal

Not Applicable

Financial

Not Applicable

Land

Not Applicable

Personnel

Not Applicable

Appendices:

Appendix 1 – Internal Audit Annual Report 2019/20

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Public Sector Internal Audit Standards

Various Audit Files