

Audit Committee

24th June 2021



Report of: Chief Internal Auditor

Title: Internal Audit Annual Report 2020/21

Ward: Citywide

Officer Presenting Report: Chief Internal Auditor

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 2020/21 financial year. This annual opinion which is based upon the internal audit work programme during the year informs the Annual Governance Statement, that is a key component of the Council's Statement of Accounts

The significant issues in the report are:

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

1. The Chief Internal Auditor's opinion on the Council's internal control, governance, and risk management arrangements during 2020/21 (Section 2)
2. The programme of internal audit work completed from which the annual opinion is derived (Appendix 1A to the report)
3. Areas requiring further improvement (Section 3)
4. Statement on the Chief Internal Auditor's personal independence and objectivity (Section 4)

Policy

1. Audit Committee Terms of Reference

Consultation

2. **Internal**

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

3. **External**

Not applicable

Context

4. 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.

The annual opinion must include:

- An annual opinion on the overall adequacy and effectiveness of the organisation's 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."

The issues detailed in the attached report will be considered by the City Council in the formulation of the draft Annual Governance Statement for 2020/21.

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.

Proposal

5. 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.

Other Options Considered

6. Not applicable

Risk Assessment

7. 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.

Summary of Equalities Impact of the Proposed Decision

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 2020/21

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Public Sector Internal Audit Standards

Various Audit Files