

Audit and Risk Assurance Committee

17 August 2017

Annual Internal Audit Report – 2016/17

1. Summary Statement

- 1.1 The report summarises the areas of work covered by Audit Services during 2016/17.
- 1.2 It also provides an opinion on the adequacy and effectiveness of the council's governance, risk management and control processes.

2. Recommendation

That the Annual Internal Audit Report – 2016/17 be noted.

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3. Strategic Resource Implications

During 2016/17, Audit Services made a number of recommendations. While implementing these may have resource implications for the various areas under review, Audit Services discuss and agree recommendations with the auditee prior to the issue of the final audit report. Therefore, it is assumed that their implementation can and will be undertaken either with existing resources or with additional resources that the auditee can readily call upon.

4. Legal and Statutory Implications

The Local Government, England and Wales, Accounts and Audit Regulations 2015 states that: *“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”*. These Standards have been adopted by the council’s internal audit section.

5. Implications for the council’s Scorecard Priorities

Audit Services contributes to the achievement of the council’s scorecard priorities by examining and reporting on the state of the governance, risk management and internal control environment.

The implementation of the recommendations made by Audit Services should increase the efficiency and effectiveness of the council.

6. Background Details

- 6.1 The main purpose of the report is to provide the Audit and Risk Assurance Committee and the Section 151 Officer with an opinion on the adequacy and effectiveness of the council’s governance, risk management and control processes. The contents of the report also provide one element of the evidence that is required to underpin the council’s Governance Statement.

- 6.2 It details the performance of the internal audit service via a series of performance indicators set by the Audit and Risk Assurance Committee, the return of customer satisfaction questionnaires and the internal quality assurance programme.
- 6.3 It summarises the audit work undertaken during the year in a tabular format. This includes:
- the areas subject to review during the year (Auditable Area)
 - the level of risk to the council assigned to each auditable area (high, medium or low)
 - the number of recommendations made as a result of each audit review
 - details of other work undertaken outside of the original plan

Finally, it provides a summary of the key control issues that arose during the year that in the opinion of Audit Services should be brought to the attention of the Audit and Risk Assurance Committee and the Section 151 Officer. These are also set out by thematic area.

- 6.5 Where appropriate, the key recommendations made during 2016/17 will be followed up by Audit Services during 2017/18 in order to ensure that they have been satisfactorily implemented. Where, they have not, reasons will be sought for their non-implementation and this will be further reported upon.