

CAMBRIDGE CITY COUNCIL

REPORT OF: Head of Internal Audit

TO: Civic Affairs Committee

28 June 2017

WARDS: All

HEAD OF INTERNAL AUDIT: ANNUAL AUDIT OPINION 2016 / 2017

1 INTRODUCTION

- 1.1 In accordance with the Public Sector Internal Audit Standards the Head of Internal Audit (HIA) should provide a written report to those charged with governance. This is timed to support the Annual Governance Statement (AGS), which is also being presented to this committee for challenge by Members, before being signed off by the Leader of the Council and Chief Executive. The Head of Internal Audit is required to give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment and the risk management framework.

2 RECOMMENDATIONS

- 2.1 Members of Civic Affairs Committee are asked to review, and provide challenge to, the opinion of the Head of Internal Audit.

3 OVERALL OPINION

- 3.1 The overall conclusion is that based on the works undertaken by Internal Audit and other independent assurance work, Cambridge City Council has adequate and effective systems of internal control in place to manage the achievement of its objectives.
- 3.2 However, no system of control can provide absolute assurance against material mis-statement or loss, nor can Internal Audit give that assurance.

4 BACKGROUND

- 4.1 The Internal Audit service works within a framework of:
- General acceptance of control within the management culture;
 - Agreement of actions arising from Internal Audit reports; and
 - A high level of support from Senior Management and Members.
- 4.2 Audits during the year have been conducted in accordance with the principles contained in the Public Sector Internal Audit Standards and these were set and reported to Civic Affairs in March 2014.

- 4.3 Given this context, and in the light of work undertaken in the year, the Head of Internal Audit is able to give reasonable assurance on the adequacy and effectiveness of the organisation's internal controls in respect of the work undertaken. Further details are available in **Appendix 1**.
- 4.4 In preparing the overall opinion, the Head of Internal Audit has reviewed all audit activity carried out during 2016 / 2017. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified by managers. Where weaknesses in control are identified, an action plan is agreed with management and this is recorded in the Council's Risk Register. Progress is monitored against target dates for delivery of these agreed actions during the year.

5 SIGNIFICANT CONTROL WEAKNESSES

- 5.1 A number of issues have emerged from across the Council during 2016 / 2017 and these are highlighted in **Annex A** to the Head of Internal Audit Opinion. Those issues which are considered significant governance issues have been incorporated into the Annual Governance Statement Action Plan. As part of our involvement in the preparation and validation of the Annual Governance Statement we agree that these actions are appropriate. These include issues relating to implementation of the new Financial Management System and Cyber Security.

6 CONSULTATIONS

- 6.1 Managers and Heads of Service are consulted on audit reports to agree the proposed action plan. The Chief Executive, relevant Director, the Leader of the Council, relevant Executive Councillor, the Head of Finance, the Monitoring Officer and the Council's External Auditors receive copies of the final versions of all audit reports.

7 IMPLICATIONS

- (a) **Financial Implications**
None
- (b) **Staffing Implications**
None
- (c) **Equality and Poverty Implications**
None
- (d) **Environmental Implications**
None
- (e) **Procurement**
None
- (f) **Consultation and communication**
None
- (e) **Community Safety Implications**
None

BACKGROUND PAPERS:

The following are the background papers that were used in the preparation of this report:

- Audit Plan for 2016 / 2017;
- Audit Reports issued during 2016 / 2017; and
- Public Sector Internal Audit Standards 2013

To inspect these documents contact Steve Crabtree on extension 8181.

The author and contact officer for queries on the report is Steve Crabtree on extension 8181.