

Item

Head of Internal Audit – Annual Opinion 2017/18



To:

Civic Affairs Committee [25/07/2018]

Report by:

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Wards affected:

All

1. Introduction / Executive Summary

- 1.1 This report communicates the annual Head of Internal Audit Opinion, for consideration by the Civic Affairs Committee.
- 1.2 In accordance with the Public Sector Internal Audit Standards the Head of Shared Internal Audit (HSIA) 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. The Head of Shared Internal Audit is required to give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment, governance, and the risk management framework.

2. Recommendations

- 2.1 The committee are asked to review the annual opinion of the Head of Shared Internal Audit.

3. Overall Opinion.

- 3.1 The overall opinion 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. Reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2017/18, and this remains at a similar level to the previous year.

- 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.
- 4.3 The Council continues to give out a strong deterrent message about fraud in both publicly issued and internal documents, for example, on Council Tax leaflets and Housing Benefit claim forms.
- 4.4 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.
- 4.5 In preparing the overall opinion, the Head of Internal Audit has reviewed all audit activity carried out during 2017 / 2018. 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. Assurance and opportunities for improvement

- 5.1 A number of issues have emerged from across the Council during 2017 / 2018 and these are highlighted in the Head of Internal Audit Opinion.

Those issues which are considered significant governance issues are 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.

- 5.2 There are also a number of positive assurances which have been summarised in our annual report.

6. Conclusions

- 6.1 The Council remains committed to providing services carried out in accordance with the highest ethical standards and takes steps to investigate all concerns arising.

7. Implications

(a) Financial Implications

None.

(b) Staffing Implications

None.

(c) Equality and Poverty Implications

None.

(d) Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

None.

8. Consultation and communication considerations

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.

9. Background papers

Background papers used in the preparation of this report:

- Internal Audit Plan 2017/18;
- Audit reports issued during the year;
- Public Sector Internal Audit Standards and the Local Government Application Note

10. Appendices

- a) Annual report

11. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: jonathan.tully@cambridge.gov.uk.