

Item

Head of Internal Audit – Annual Opinion 2019/20

To:

Civic Affairs Committee [08/07/2020]

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 will support the Annual Governance Statement (AGS), which is being presented to this committee later in the year to accompany the Statement of Accounts. 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 note 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. The audit work completed has provided sufficient coverage to enable Internal Audit to form an opinion on the internal control environment, governance and risk management arrangements. There is Reasonable assurance awarded during the financial year 2019/20, 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 At the end of the financial year 2019/20, the Council had to manage the risk of the Coronavirus. While this has not had a material impact on our ability to provide an Internal Audit Opinion, it needs to be recognised in the context of significant and rapid change.
- 4.4 Since developing our 2020/21 Internal Audit Plan, best practice guidance has been issued between CIPFA and IASB which highlights the challenges faced by maintaining conformance with the Public Sector Internal Audit Standards whilst adding value to the Council. This guidance complements our existing impact assessment and our plan for 2020/21 will continue to be adapted accordingly.
- 4.5 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 the Appendix – Annual Report of Internal Audit.

5. Assurance and opportunities for improvement

- 5.1 In preparing the overall opinion, the Head of Internal Audit has reviewed all audit activity carried out during 2019 / 2020. Where appropriate, audits contain 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.
- 5.2 A summary of risks and opportunities for improvement are highlighted in the Head of Internal Audit Opinion. Any of those which are considered significant governance issues are subsequently incorporated into the Annual Governance Statement Action Plan.
- 5.3 There are also effective controls in place across systems that we have reviewed, and these have been summarised in our annual report to provide assurance.

6. Conclusions

- 6.1 Cambridge City Council has adequate and effective systems of internal control in place to manage the achievement of its objectives. Reviews during the financial year 2019/20 have provided reasonable assurance, and this remains at a similar level to the previous year.

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:

- Risk Based Internal Audit Plan;
- 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.