

## AUDIT AND STANDARDS COMMITTEE

23 July 2019

<b>Title:</b> Internal Audit Annual Report and Annual Governance Statement 2018/19	
<b>Report of the Chief Operating Officer</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
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<b>Accountable Strategic Leadership Director:</b> Claire Symonds, Chief Operating Officer	
<b>Summary</b> This report outlines the internal audit work carried out for the year ended 31 March 2019.  The internal audit annual report contains the Head of Assurance Opinion based on the work undertaken in the year. This is “generally satisfactory with some improvements required”.  These reports are timed to inform the Annual Governance Statement.	
<b>Recommendation(s)</b>  In accordance with the Accounts and Audit Regulations 2015, the Committee is recommended to:  (i) Approve the Annual Governance Statement 2018/19 prior to its publication by 31 July 2019; and  (ii) Note the Internal Audit Annual Report 2018/19.	

### 1 Internal Audit Annual Report 2018/19

- 1.1 This report outlines the internal audit work carried out for the year ended 31 March 2019.
- 1.2 The report contains the Head of Assurance Opinion based on the work undertaken in the year. This is “generally satisfactory with some improvements required”. All 2018/19 audit reports were at final stage prior to presenting this report.

- 1.3 The Internal Audit Annual Report is set out at Appendix 1 and the Annual Governance Statement is included in the “Approval of the Statement of Accounts 2018/19” report at Agenda Item 5 (pages 151 to 177 of the agenda).

## **2 Legal Implications**

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

- 2.1 The Local Audit and Accountability Act 2014 (the ‘2014 Act’) requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015 (the ‘Regulations’). Regulation 9 sets out a timetable and requires certification by the Council’s responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution.
- 2.2 Furthermore Specified relevant local authorities<sup>1</sup> are required under Regulation 6(1) (b) to prepare an Annual Governance Statement (‘AGS’).

Governance is defined by CIPFA / SOLACE<sup>2</sup> as:

The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

and

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

- 2.3 The Regulations require the AGS be approved by a resolution of a Committee of the Council.
- 2.4 Following approval the Council must publish by 31 July 2019 the AGS as approved and a narrative statement by the Council on its financial performance, and economy, efficiency and effectiveness in the use of its resources over the financial year.

## **3 Financial Implications**

Implications completed by: Katherine Heffernan, Group Manager – Service

- 3.1 Internal Audit is fully funded as part of the Council’s Finance Service. It is a key contribution to the overall management and control of the Council and its stewardship of public money. The recommendations and improvements as a

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<sup>1</sup> See Section 2 and Schedule 2 of the Accounts and Audit Regulations 2015

<sup>2</sup> CIPFA SOLACE Delivering Good Governance in Local Government Framework 2016 Edition

result of its findings will be implemented from within existing resources. There are no further financial implications arising from this report .

#### **4 Other Implications**

- 4.1 **Risk Management** – The internal audit activity is risk-based and therefore support effective risk management across the Council.

**Public Background Papers Used in the Preparation of the Report:** None

#### **List of appendices:**

Appendix 1: Internal Audit Annual Report 2018/19

Appendix 2: Annual Governance Statement 2018/19 ((pages 151 to 177 of the agenda)