

REPORT FROM: AUDIT MANAGER

TO: ACCOUNTS & AUDIT COMMITTEE

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ANNUAL REPORT – INTERNAL AUDIT OPINION

1. The Annual Internal Audit Opinion Report for 2018/19 is enclosed for attention at [Appendix 1](#). Its purpose is to provide Accounts & Audit Committee with information on the work carried by Internal Audit Unit during the year to 31st March 2019.

RECOMMENDATIONS

2. That the annual internal audit opinion report is considered and accepted.

REASONS FOR RECOMMENDATION

3. To ensure that Accounts & Audit Committee are aware of the activities of the Internal Audit Unit during the 2018/19 financial year.
4. To meet requirements contained in the Public Sector Internal Audit Standards and CIPFA's Local Government Application Note.

Background

5. The Public Sector Internal Audit Standards (PSIAS) 2013 update in 2017 require the Head of Internal Audit (Internal Audit Manager) to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the system of internal control).
6. The Standards under the Audit Strategy and Planning Standard require that an annual risk based internal audit plan is produced, in agreement with Management and Committee.

7. In March 2018, the Accounts and Audit Committee approved the Internal Audit Plan for 2018/19. The Plan outlines the work that will be undertaken in the following financial year, the priorities for Internal Audit and the estimated resources required to deliver the plan. The Annual Internal Audit Opinion 2018/19 provides a summary of the actual work undertaken within the year.
8. Members will appreciate that the planned audit days for each audit assignment is an estimate based on the anticipated scope of the audit work required. Given the nature of any plan, there is at times a need to redirect resources during the year subject to events that may arise. The detailed scope and objective of each assignment, and the exact dates of fieldwork, are normally agreed with the relevant Service Manager prior to the commencement of each audit.
9. The annual internal audit opinion contributes to the completion of the Annual Governance Statement (AGS). Therefore Internal Audit has a professional duty to provide an unbiased and objective view of the Council's internal control environment. Internal Audit is independent of the processes that it evaluates and reports directly to Management Team and Accounts and Audit Committee.
10. No system of internal control can provide absolute assurance against material loss or misstatement, the opinion provides reasonable but not absolute assurance concerning the Council's internal controls system.
11. Based on the work of Internal Audit the Internal Audit Manager has concluded that **substantial assurance** can be taken that arrangements in place to secure governance, risk management and internal control within those areas audited, are suitably designed and applied effectively. This opinion is reflective of the high number of substantial or full assurance opinions provided.
12. Where there has been a level of non-compliance with controls and/or a Limited Assurance given then recommendations have been made and Internal Audit has worked with Management to agree a timescale for implementation of these. 3 audit reviews were subject to a Limited Assurance opinion, details are provided in the Annual Internal Audit Opinion.
13. We would like to acknowledge our thanks to all Service Managers and their staff for the assistance and co-operation provided during the audit activity and to the Accounts and Audit Committee for providing the oversight.

IMPLICATIONS

Policy: There are no policy implications arising directly from the contents of this report

Financial: There are no financial implications arising directly from this report.

Legal: The Accounts and Audit Regulations 2015 require the Council to 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.

Risk Management: The Internal Audit Plan 2018/19 was produced using a risk based approach. This approach takes into account a range of risks to the Council's internal control system that supports the achievement of the Council's objectives.

Health and Safety: There are no health and safety implications arising directly from this report.

Climate Change: There are no climate change implications arising directly from this report.

Community Safety: There are no Community Safety implications arising directly from this report.

Equality and Diversity: There are no equality and diversity implications arising directly from this report.

APPENDICES

Appendix 1 – Annual Internal Audit Opinion Report 2018/19