

Internal Audit Opinion 2018 19

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	17/07/2019
PORTFOLIO	Resources & Performance Management
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PURPOSE

1. To provide members with the Head of Finance and Property as Chief Audit Executive (CAE) opinion on the Internal Controls of the Council for financial year 2018-2019.

RECOMMENDATION

2. That the Committee considers the opinion

REASONS FOR RECOMMENDATION

3. To comply with the terms of reference for the Audit and Standards Committee through review of the scope and results of work completed by Internal Audit, and, to support and maintain the independence and objectivity of the Internal Audit function.
4. To meet the requirements set out in the Public Service Internal Audit Standards and CIPFA's Local Government Application Note. The Annual Audit Opinion supports and complements the Annual Governance Statement which is required under the Accounts and Audit Regulations 2015.

SUMMARY OF KEY POINTS

5. Limitation of Opinion

This opinion on the Internal Controls of the council is based on the work undertaken by Internal Audit both during 2018/19 and that relates to that year. It provides reasonable but not complete assurance concerning the Council's internal control system. This also takes account of actions that have been agreed with Managers to address weaknesses identified.

6. Overall Opinion

The controls of the Council continue to operate effectively. These include compliance with policy, separation of duties, authorisation, monitoring and internal checks. Where

during audits control weaknesses have been identified, these have been addressed as part of an agreed Action Plan. Compliance with Action Plans is monitored and where these have not been implemented, further assurances have been provided by management that these issues will be addressed.

In providing this opinion I have had regard for the Accounts and Audit Regulations 2015 and Public Service Internal Audit Standards and CIPFA's Local Government Application Note. The results of the review of internal audits effectiveness and its quality assurance and improvement programme conclude that this work was delivered in compliance with the Public Service Internal Audit Standards and CIPFA's Local Government Application Note.

7. Work Completed

Internal Audit has provided to the Audit and Standards Committee summaries of the work completed during 2018/19 and these should be considered in relation to this section. Appendix 1 contains summaries of the work, opinions and key actions agreed. Additional detail on progress against the Audit Plan is provided in Appendix 2.

The Internal Audit has also provided audits and support under a service level agreement for Burnley Leisure.

8. Performance

The Internal Audit Plan for 2018/19 provided for the delivery of 231 audit days whereas the number of actual audit days delivered was 212 This represents 92% audit coverage. The audit reports target for the year was 22 and the actual delivered was 21.

Internal Audit have reported the performance of the Service in comparison with its targets to the Audit and Standards Committee and Management during the year, the year end 2018/19 actual performance to targets of implementation of high priority agreed actions is at 100%.

During the year a quality assurance and improvement programme has been maintained. This involves an internal review of the audit work, and management questionnaires. The results of the internal review of work are provided to auditors as are the actions undertaken during the audit process to correct issues. The results of the management questionnaire are discussed with auditors and any actions required are agreed.

9. Investigations

In total 10 days were spent on investigations during 2018/19. This was in support of a missing petty cash issue.

10. Other work

I am in the combined role of Chief Audit Executive (CAE) and Section 151 officer. I have arrangements which will ensure that the roles do not impact on the continued independence of the Internal Audit service. During the financial year I am not aware of any actual or perceived conflict of interest in these roles.

The Internal Audit Manager is the Council's Data Protection Officer and has been involved with the Council's arrangements for improving and maintaining Data Protection

for the authority.

Work on corporate business continuity continued during the year and risk management has been supported.

Support has provided during the year to other services in Finance and arrangements are in place to ensure that this does not impact on the independence of the internal audit service.

This was the first year of a revised service structure and two valued members of internal audit left the section. Both members were replaced with experienced and qualified colleagues who have been able to quickly continue the delivery of assurance to the Council.

The service has migrated its working papers fully on to Office 365.

11. Compliance with the Public Service Internal Audit Standard and Local Government Application Note (PSIAS and LGAN)

During 2018 19 the internal audit service conducted a quality assurance and improvement programme as required by the standards. This included an internal review of the service against the revised LGAN (Jan 2019) and the PSIAS (March 2017). The review found that the service conforms with the standards. There are 311 requirements of which the service was compliant with 280 of them and the remaining 31 were not currently applicable.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

12. None

POLICY IMPLICATIONS

13. The Annual Internal Audit Opinion is considered as part of the Annual Governance Statement, which is part of the Local Code of Corporate Governance

DETAILS OF CONSULTATION

14. None

BACKGROUND PAPERS

15. None

FURTHER INFORMATION

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