

Internal Audit Opinion 2020-21

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	07/07/2021
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 2020-21.

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 2020/21 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, and the impact of the pandemic on the Internal Audit service.

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 2020/21 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 2020/21 Internal Audit Plan target for audit reports was 22 and the actual delivered was 19. This reduction was due to both the redeployment of Auditor into support for COVID 19 activity and a vacant post for part of the year.

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 2020/21 actual performance to targets of implementation of high priority agreed actions is at 100%.

During the year, a quality assurance and improvement programme (QAIP) 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

Several Council investigations were referred to internal audit during the year, which 9 were related to Covid related grants and one related to an online service. One investigation was completed at the request of the Monitoring Officer. Burnley Leisure was supported in an investigation.

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. This has been significant during the pandemic to ensure that the Council services have been maintained.

Support has been 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 included the processing of Business Support grants for Covid payments.

The National Fraud Initiative (NFI) has had a national exercise this year, this has required the collection, checking and upload of data and the processing of matches.

There was an impact of the Coronavirus pandemic on the Internal Audit work during the year, and on the completion of work. Internal Audit are not a priority service and as such support was supplied to the Council's Business Continuity arrangements and supporting the organisation for the event. As stated, this has included, business support grants, an audit of central government grant for a partner organisation, Lancashire Resilience Forum (LRF) death management reporting, test and trace, covid case analysis and reporting, and additional LRF group involvement.

It is required that I consider the impact of changes on of resources on my ability to form an annual internal audit opinion.

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

During 2020-21 an evaluation of Internal Audit effectiveness took place. This included a quality assurance and improvement programme (QAIP), obtaining client feedback and audit review, there were no issues to report.

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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