

Internal Audit Opinion 2016 17

REPORT TO AUDIT AND STANDARDS COMMITTEE



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PORTFOLIO	Resources and Performance Management
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PURPOSE

1. To provide members with the Head of Finance as (Chief Audit Executive) opinion on the Internal Controls of the Council for financial year 2016-2017.

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 regulation 4 of 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 2016/17 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 2016/17 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 2016/17 provided for the delivery of 311 audit days whereas the number of actual audit days delivered was 281 This represents 90% audit coverage. The primary reason for this was that there was an extended secondment of a member of the team into Accountancy and addition unplanned absence. The audit reports target based on the original plan for the year was 22 and the actual delivered was 17; the difference of a report is accounted for the reduced number of available audit days and the anticipated reports for partner performance were not in place until after year end.

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 2016/17 actual performance to targets is covered in Appendix 3.

During the year a quality assurance and improvement programme has been maintained. This involves a comparison with the required standards, 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. The service also benchmarks with other Lancashire District Councils.

Internal Audits compliance with the PSIAS and LGAN requirements for internal audit remains high. The code also sets down the required content of this report. The compliance with these requirements is documented in Appendix 4. Where the code is not fully complied with is considered as part of the improvement programme. The improvement programme improved use of SharePoint and improvement of the contract skills for auditors. A member of the team is undertaking an Institute of Internal Auditors qualification.

9. Investigations

In total 59 days were spent on investigations during 2016/17. The work included the review of an outside body, member declarations, a flood grant, attempted mandate fraud and e-mail impersonation fraud and two issues involving social media. Only one of these was more than ten investigation days. Nine reported irregularities were investigated. The primary outcomes included the report on the outside body.

10. Other work

It will be noted that during 2016 17 both the Chief Audit Executive and Section 151 officer changed. These are both important roles in the management of the service. The combination of the CAE and Section 151 officer are both duties which sit with me as Head of Finance. I have arrangements which will ensure that the roles do not impact on the continued independence of the Internal Audit service.

Support for information governance and Data Protection assurance continues.

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. The team has worked with the Finance Transformation project.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

11. None

POLICY IMPLICATIONS

12. 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

13. None

BACKGROUND PAPERS

14. None

FURTHER INFORMATION

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