

Internal Audit Opinion 2017 18

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	19/07/2018
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 2017-2018.

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 2017/18 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 2017/18 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.

Assistance was provided in evaluation of contractors for several contracting exercises.

8. Performance

The Internal Audit Plan for 2017/18 provided for the delivery of 350 audit days whereas the number of actual audit days delivered was 308 This represents 88% audit coverage. The plan did not anticipate the requirements for data protection to be placed on the Internal Audit Manager. This required additional training and additional work in preparing the organisation for the changes to legislation. The audit reports target based on the original plan for the year was 23 and the actual delivered was 17; the difference of a report is accounted for the reduced number of available audit days.

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 2017/18 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. The service also benchmarks with other Lancashire District Councils.

9. Investigations

In total 20 days were spent on investigations during 2017/18.

The primary outcomes included the report correction of mileage rates for the Council, review of data protection incidents and in the continued involvement in an issue involving

an outside body. It is pleasing to report that there were no significant frauds investigated in 2017/18.

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 has been appointed Data Protection Officer and has been involved with the Council's preparation for the implementation of the General Data Protection Regulation and Data Protection Act 2018.

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.

I have revised the service structure at the end of the year effective from the 1st April, this has required some time to revise Job Descriptions and consult with relevant officers.

Work has also been undertaken to update the Council's write-off policy.

11. Compliance with the Public Service Internal Audit Standard and Local Government Application Note

During 2017 18 the internal audit service conducted a quality assurance and improvement programme as required by the Standards. Included in this programme was an external review of the services compliance with the standards. The Report from this review was reported to the committee in July 2017. The report found that the service conforms with the standards.

There are 327 requirements of which the service was compliant more than 95% of them. The report and the points with the Council's action plan is included in the July 2017 report to the Audit and Standards Committee.

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

ITEM NO	[AgendaItem]
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15. None

FURTHER INFORMATION

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