

AUDIT COMMITTEE - 22 June 2018

Title of paper:		<u>INTERNAL AUDIT ANNUAL REPORT 2017/18</u>	
Director(s)/ Corporate Director(s):		Laura Pattman Director of Strategic Finance	Wards affected: All
Report author(s) and contact details:		Shail Shah Head of Audit and Risk 0115 8764245 shail.shah@nottinghamcity.gov.uk	
Other colleagues who have provided input:			
Recommendation(s):			
1	To note the audit work completed during the year.		
2	To note the Head of Audit and Risk’s Annual Opinion.		
3	To note the proposed Audit Plan for 2018/19		

1 REASONS FOR RECOMMENDATIONS

- 1.1 This report outlines the work of the Internal Audit (IA) service at the end of the fourth quarter 2017/18. The report includes the Head of Audit & Risk's annual opinion on the effectiveness of the internal control systems operating within the City Council and its significant partnerships.
- 1.2 The Accounts and Audit Regulations 2015 state that local authorities must 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 (PSIAS) or guidance.
- 1.3 The Audit Committee's Terms of Reference include
- Receiving an annual report on the work of Internal Audit
 - Approving Internal Audit's strategy, planning and monitoring performance
 - Receiving the results of the Quality Assurance and Improvement Programme from the Head of Audit and Risk
- 1.4 The Public Sector Internal Audit Standards (PSIAS) require the responsibility for the management of Internal Audit to be set with the Board. In practical terms, this Board responsibility is vested in the Audit Committee and Section 151 Officer who exercise their Board responsibility via the Constitution and the associated policies and procedures of the City council.
- 1.5 The PSIAS require the Head of Audit & Risk to deliver an annual audit opinion and report that can be used to inform the Annual Governance Statement. The annual report should include a summary of the work supporting the opinion.

2 BACKGROUND

- 2.1 The Internal Audit service impacts on corporate objectives by bringing a systematic disciplined approach to improve the effectiveness of risk management control and governance processes and is an important part of the Council's governance and control framework.

- 2.2 The coverage set out in the 2017/18 Internal Audit Plan has been substantially achieved and key Performance Indicator targets have been met.
- 2.3 The assurance gained from this activity together with that gained from a review of other control and assurance mechanisms, has enabled the Head of Audit & Risk to give a reasonable assurance that the internal control systems are operating effectively within the Council and its significant partnerships.

3 BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION

- 3.1 None

4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 4.1 Accounts and Audit Regulations 2015
- 4.2 Internal Audit Plan 2017/18
- 4.3 CIPFA SOLACE Delivering Good Governance in Local Government
- 4.4 Public Sector Internal Audit Standards 2013

5 LIST OF APPENDICES

- 5.1 Appendix A – Internal audit annual report and opinion 2017/18