

## Audit Committee - 30 July 2021

<b>Title of paper:</b>	Internal Audit Annual Report 2020/21	
<b>Director(s)/ Corporate Director(s):</b>	Clive Heaphy Corporate Director Finance and Resources	<b>Wards affected: All</b>
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<b>Other colleagues who have provided input:</b>		
<b>Recommendation(s):</b>		
<b>1</b>	Note the following as detailed in Appendix 1 <ul style="list-style-type: none"> <li>• The audit work completed during the year, including the use of other sources of assurance and reliance upon those other sources.</li> <li>• The Head of Audit and Risk's Annual Opinion</li> <li>• Note the proposed Audit Plan for 2021/22</li> </ul>	
<b>2</b>	Approve the Internal Audit Charter in Appendix 2	
<b>3</b>	Note the Counter Fraud Strategy in Appendix 3	

### 1 Reason For Recommendations

- 1.1 This report outlines the work of the Internal Audit (IA) service to the end of the fourth quarter of 2020/21. 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 and the Audit Charter.
- 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 incorporate the requirements of the Public Sector Internal Audit Standards (PSIAS).
- 1.4 The 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.
- 1.6 This report supports the Audit Committee in fulfilling its terms of reference including Public Sector Internal Audit Standard (PSIAS) duties
- 1.7 This report seeks endorsement of the City Council's Counter Fraud Strategy (CFS).

## **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 2020/21 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 limited assurance that the internal control systems are operating effectively within the Council and its significant partnerships.
- 2.4 Good governance policies and procedures are essential when allocating and controlling Council resources and supporting effective delivery of the Council's strategic and operational objectives.
- 2.5 A cornerstone of the Council's governance policies is the CFS, which brings together the key strands of governance into an overarching strategy document. The maintenance and embedding of a counter fraud culture is essential if the Council is to maximise the use of its resources and minimise waste through inefficiency and/or fraudulent activity.
- 2.6 An effective CFS provides the basis for developing a counter fraud culture in the Council and, as part of the Council's control system, the elements of the CFS contribute positively to the assurance received by the Committee in respect of the effectiveness of the control environment.
- 2.7 The CFS is the main strategy statement geared towards protecting public funds and assets by requiring compliance with regulations, rules, procedures and guidelines designed to promote the highest standards of conduct and behaviour.
- 2.8 The changes to the strategy and response plans include a general update and clarifications in terms of roles and responsibilities.
- 2.9 The CFS will continue to evolve and develop to reflect changes in legislation and best governance practice.

## **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**

- Accounts and Audit Regulations 2015
- Audit Plan 2020/21
- CIPFA SOLACE Delivering Good Governance in Local Government
- Public Sector Internal Audit Standards 2017