

AUDIT COMMITTEE - 29 July 2019

Title of paper:	<u>INTERNAL AUDIT ANNUAL REPORT 2018/19</u>	
Director(s)/ Corporate Director(s):	Laura Pattman Strategic Director of 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	<p>Note the following as detailed in Appendix 1</p> <ul style="list-style-type: none"> • The audit work completed during the year, including the use of other sources of assurance and reliance upon those other sources. • The Head of Audit and Risk's Annual Opinion. • The proposed Audit Plan for 2019/20 	
2	Approve the Internal Audit Charter as detailed in Appendix 1	

1 REASON FOR RECOMMENDATIONS

- 1.1 This report outlines the work of the Internal Audit (IA) service at the end of the fourth quarter 2018/19. 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 include the following Public Sector Internal Audit Standards (PSIAS) requirements for the "Board" (see 1.4):
- Approve the risk-based internal audit plan
 - Approve the Internal Audit Charter
 - Receive an annual confirmation from the Head of Audit and Risk with regard to the organisational independence of the internal audit activity
 - Making appropriate enquiries of the management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations
 - Receive communications from the Chief Audit Executive on internal audit's audit plan and resource requirements including the approach to using other sources of assurance, the impact of any resource limitations and other matters
 - Receive communications from the Chief Audit Executive on the internal audit activity's purpose, authority, responsibility and performance relative to its plan.
 - Receiving the results of the Quality Assurance and Improvement Programme from the Head of Audit and Risk

- 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. 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 2018/19 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

- Accounts and Audit Regulations 2015
- Internal Audit Plan 2018/19
- CIPFA SOLACE Delivering Good Governance in Local Government
- Public Sector Internal Audit Standards 2017

4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- Accounts and Audit Regulations 2015
- Audit Plan 2018/19
- CIPFA SOLACE Delivering Good Governance in Local Government
- Public Sector Internal Audit Standards 2017