

REPORT TITLE: ANNUAL INTERNAL AUDIT REPORT AND OPINION 2019/20

28 JULY 2020

REPORT OF CABINET MEMBER: CLLR CUTLER – DEPUTY LEADER AND PORTFOLIO HOLDER FOR FINANCE AND RISK

Contact Officer: Antony Harvey Tel No: 01962 848 701 Email  
antony.harvey@hants.gov.uk

WARD(S): ALL

PURPOSE

The purpose of this paper is to provide the Audit and Governance Committee with the Chief Internal Auditor's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2019/20.

RECOMMENDATIONS:

1. The Audit and Governance Committee note the Chief Internal Auditor's annual report and opinion for 2019/20 attached as Appendix 1.

## IMPLICATIONS:

### 1 COUNCIL PLAN OUTCOME

- 1.1 Internal audit plays a vital role in supporting the Council accomplish plan outcomes by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.
- 1.3 The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council Plan Outcomes.

### 2 FINANCIAL IMPLICATIONS

- 2.1 The Internal Audit Plan is comprised of 310 resource days and was delivered within the agreed budget.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None directly from this report.

### 4 WORKFORCE IMPLICATIONS

- 4.1 None directly from this report.

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None directly from this report.

### 6 CONSULTATION AND COMMUNICATION

- 6.1 The Strategic Director (Resources) and Corporate Head of Resources have been consulted on the contents of the Annual Internal Audit Report and Opinion 2019/20.

### 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None directly from this report.

### 8 EQUALITY IMPACT ASSESSEMENT

- 8.1 Not required.

### 9 DATA PROTECTION IMPACT ASSESSMENT

9.1 Not required.

## 10 RISK MANAGEMENT

10.1 The Southern Internal Audit Partnership follow a risk based audit approach in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion is undertaken using this approach.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Financial / VfM</i>	Internal Audit supports the Council to ensure proper financial management through its audit activities and assurance service	None

## 11 SUPPORTING INFORMATION:

- 11.1 In accordance with the Public Sector Internal Audit Standards, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of the system of internal control to inform the production of the Annual Governance Statement.
- 11.2 The Annual Report for 2019/20 (attached at Appendix 1) provides the Chief Internal Auditor's opinion on the system of internal control and summarises the audit work from which that opinion is derived for the year ending 31 March 2020.
- 11.3 The Audit and Governance Committee's attention is drawn to the following points:
- Internal audit was compliant with the Public Sector Internal Audit Standards during 2019/20;
  - The revised internal audit plan for 2019/20 has been substantially delivered;
  - The Council's framework of governance, risk management and control is considered to be 'Adequate' and audit testing has demonstrated controls to be working in practice; and
  - Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD227 – Internal Audit Plan 2019/20

AG002 – Annual Audit Report and Opinion 2018/19

Other Background Documents:-

None

APPENDICES:

Appendix 1 – Annual Internal Audit Report and Opinion 2019/20