

**REPORT TO:** Business Efficiency Board

**DATE:** 25 July 2018

**REPORTING OFFICER:** Divisional Manager – Audit, Procurement & Operational Finance

**PORTFOLIO:** Resources

**SUBJECT:** Internal Audit Annual Report – 2017/18

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to deliver an annual audit opinion and report, which can be used to inform the Annual Governance Statement.
- 1.2 This report summarises the work of internal audit during 2017/18 and presents the Head of Internal Audit's opinion on the effectiveness of the Council's overall risk management, control and governance processes.

### **2.0 RECOMMENDATION: That the Board considers and approves the Internal Audit Annual report.**

### **3.0 SUPPORTING INFORMATION**

- 3.1 This report is presented to the Business Efficiency Board for information and provides one of the sources of assurance that underpins the Council's Annual Governance Statement.
- 3.2 The Internal Audit Annual Report (attached as a separate appendix) provides an overall opinion on the Council's risk management, control and governance processes. The report also includes details of the evidence base supporting the overall opinion.
- 3.3 Summary details of the audit assignments and the 'follow-up' audit assignments completed in the year are also provided.
- 3.4 Based upon the work completed in the year, internal audit has been able to conclude that the Council continues to maintain adequate and effective risk management, control and governance processes.
- 3.5 It is a requirement of PSIAS that the Internal Audit Annual Report provides details of the internal audit 'Quality Assurance and Improvement Programme' (QAIP). The purpose of a QAIP is to enable an evaluation of the internal audit activity's conformance with professional standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency

and effectiveness of the internal audit activity and identifies opportunities for improvement.

- 3.6 The results of the QAIP provide assurance that internal audit activity has been undertaken in 2017/18 in accordance with the relevant professional standards.

#### **4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

- 4.1 Under Regulation 6 of the Accounts & Audit Regulations 2015, the Council 'must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. This responsibility is delegated to the Operational Director – Finance.
- 4.2 There are no direct policy implications arising from this report. However, the Head of Internal Audit's opinion on the Council's risk management, control and governance processes is one of the key sources of assurance that supports the Council's Annual Governance Statement.
- 4.3 The internal audit work carried out during the year provides assurance that the Council's main financial systems are operating effectively.

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **5.1 Children and Young People in Halton**

Internal audit provides assurance over the Council's risk management, control and governance processes, which help to support the achievement of the aims and objectives set out in the Corporate Plan.

##### **5.2 Employment, Learning and Skills in Halton**

See 5.1

##### **5.3 A Healthy Halton**

See 5.1

##### **5.4 A Safer Halton**

See 5.1

##### **5.5 Halton's Urban Renewal**

See 5.1

#### **6.0 RISK ANALYSIS**

Internal Audit adopts a risk based approach to its work and provides assurance over the Council's key business risks. In the course of its work, internal audit raises issues which have risk implications for the Council. The regular internal audit progress reports to the Business

Efficiency Board summarise these issues and provides details of the actions agreed with management to mitigate any risks identified.

There are no direct risk implications arising from this report.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

None

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<u>Document</u>	<u>Place of Inspection</u>	<u>Contact</u>
Internal Audit Plan 2017/18	1 <sup>st</sup> Floor,	Merv Murphy
Internal Audit reports	Kingsway House,	
Public Sector Internal Audit Standards	Kingsway,	
	Widnes	
Local Government Application Note for the UK Public Sector Internal Audit Standards		