

REPORT TO: Business Efficiency Board

DATE: 21 July 2020

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

PORTFOLIO: Resources

SUBJECT: Internal Audit Annual Report – 2019/20

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 2019/20 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 Internal Audit is an assurance function that provides an independent and objective opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes.
- 3.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. The Annual Internal Audit Report provides that opinion.
- 3.3 In March 2019, the Business Efficiency Board considered and approved an internal audit plan for 2019/20. Some amendments to the plan were reported to, and agreed by, the Board during the course of the year.
- 3.4 The Annual Report (attached as a separate document) summarises the internal audit work completed over the 2019/20 financial year. It includes an overall assurance opinion on the Council's risk management, control and governance processes. Details of the evidence base supporting the opinion are provided in the report
- 3.5 In proving an overall opinion, account has also been taken of the unprecedented challenges faced by the Council in responding to COVID-19. This inevitably continues to impact on the structure of the Council's risk management, control and governance processes, both in terms of

the Council response to the pandemic and also in regard to the reset arrangements.

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 2019/20	Halton Stadium, Widnes	Merv Murphy
Internal Audit reports		
Public Sector Internal Audit Standards		
Local Government Application Note for the UK Public Sector Internal Audit Standards		