

Head of Internal Audit Annual Report

Audit Committee

Date: 15th September 2016

Author: Head of Internal Audit
Wards: None
Locality Affected: None
Parishes Affected: None

1. Purpose and Reasons

- 1.1 This report was presented to Members at the June 2016 Audit Committee. However due to publishing problems Members did not receive the papers until shortly before the meeting. The Chair of Audit Committee requested that the papers be included at the subsequent meeting of the Committee to ensure that members had time to fully consider the report.
- 1.2 To present Members with the Head of Internal Audit's annual report for 2015/16.
- 1.3 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.4 The Council's Internal Audit section is a key component of the assurance framework. It is therefore essential that this Committee seek assurance from the Head of Internal Audit regarding the work of the Internal Audit section and his opinion with regard to the Council's overall arrangements for internal control.
- 1.5 It is a requirement of the Public Sector Internal Audit Standards that the Head of Internal Audit delivers an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate:
 - the opinion
 - a summary of the work that supports the opinion; and
 - a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that the contents of the report be noted.

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3. Detail

- 3.1 This annual report provides a summary of the work completed by Swindon Internal Audit Services for 2015/16 and provides the Head of Internal Audit's overall opinion on the Council's system of internal control.
- 3.2 The aim of Internal Audit is to help the Council meet high standards of service delivery, conduct and governance by examining, evaluating and reporting on the Council's internal control environment, risk management and governance arrangements. This then allows us to provide assurance and support to the:
- Audit Committee in discharging its responsibilities as set out in their terms of reference.
 - Council Leader and Chief Executive in their certification of the Annual Governance Statement
 - Board Director: Resources (in his role as Chief Finance Officer), in discharging his responsibilities under Section 151 of the Local Government Act
 - Board Director: Resources, in his capacity as lead Board Member for risk management
 - External Auditor in relation to their audit of the Council's financial statements through our audit work on the Council's main financial systems.
- 3.3 Summaries of every internal audit finalised during the year have been presented to the Council's Audit Committee.

3.4 The internal control arrangements relating to the Council's main financial systems during 2015/16 were found to be **satisfactory**, this along with the outcomes of other audits completed in the plan result in an overall risk assessment to the Council as being '**moderate**'.

- 3.5 The Head of Internal Audit's annual report is included as Appendix 1.

4. Alternative Options

- 4.1 Not Applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

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Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.
- 5.3 It is a requirement of the Public Sector Internal Audit Standards that the Head of Internal Audit delivers an annual audit opinion.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 None

Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.5 Effective systems of governance and internal control within the Council will help to ensure that the objectives set out in One Swindon and the Council's Corporate Strategy is achieved.

Diversity Impact Assessment

- 5.6 None

Risk Management

- 5.7 Not applicable

6. Consultees

- 6.1 The Corporate Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 All Heads of Service, Board Directors and Members who have contributed to individual audits during the course of 2015/16.

7. Background Papers

- 7.1 None

8. Appendices / Background papers

Appendix 1 – Head of Internal Audit's Annual report: 2015/16

Appendix 2 – Corporate Fraud Team Annual report 2015/16

9. Key Decision/Decision in Forward Plan

Not Applicable