

Head of Internal Audit Annual Report

Audit Committee

Date: 27th June 2017

Author: Head of Internal Audit

Wards: None

Parishes Affected: None

1. Purpose and Reasons

- 1.1 To present Members with the Head of Internal Audit's annual report for 2016/17.
- 1.2 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.
- 1.3 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.
- 1.4 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.

3. Detail

- 3.1 This annual report provides a summary of the work completed by Swindon Internal Audit Services for 2016/17 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

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arrangements. This then allows Internal Audit 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
- Director of Finance (in his role as Chief Finance Officer), in discharging his responsibilities under Section 151 of the Local Government Act
- Corporate Director: Resources and Transformation, in her capacity as lead 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 2016/17 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.

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.

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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 Board 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 2016/17.

7. Background Papers

7.1 None

8. Appendices / Background papers

Appendix 1 – Head of Internal Audit's Annual report: 2016/17

Appendix 2 – Corporate Fraud Team Annual report 2016/17

9. Key Decision/Decision in Forward Plan

Not Applicable