



Report Reference Number: A/20/4

To: Audit and Governance Committee
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Title: Annual Report of the Head of Internal Audit 2019-20

Summary:

The purpose of the report is to present the Annual Report of the Head of Internal Audit for 2019/20. The report is prepared by Veritau and is based on internal audit work carried out since April 2019. A summary of counter fraud work carried out during 2019/20 is also included.

Recommendation:

That the committee:

- (i) note the annual report of the Head of Internal Audit (appendix A) and the “Reasonable Assurance” opinion regarding the overall framework of governance, risk management and control operating within the council.
- (ii) note the outcome of the internal audit quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards
- (iii) note the counter fraud work undertaken during the year (appendix B).

Reasons for recommendation

To enable the committee to fulfil its responsibility for reviewing the outcomes of internal audit and counter fraud work and to support its consideration of the Council’s Annual Governance Statement.

1. Introduction and background

- 1.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with these standards, the Head of Internal

Audit is required to provide an annual report setting out the work done by internal audit. The report should also include an opinion on the framework of governance, risk management and control operating within the Council; and confirmation that internal audit work undertaken complies with professional standards.

2. The Report

- 2.1 The purpose of the report, included at appendix A, is to provide a summary of internal audit work carried out during 2019/20 and to express an opinion on the overall framework of governance, risk management and control in place within the Council.
- 2.2 The report includes a summary of the audit opinions for individual audits completed in the year, to support the overall opinion. Due to Covid-19, most audit work had to be suspended in March 2020. This included a number of audits where the fieldwork had been fully or substantially completed. Where possible, these reports have now been issued. Where reports have not yet been issued or finalised, but the opinion is not expected to change, they have been considered in forming the overall opinion.
- 2.3 The report also includes conclusions from Veritau's internal audit Quality Assurance and Improvement Programme (QAIP).
- 2.4 A summary of counter fraud work carried out during 2019/20 is included at appendix B. Investigations resulted in £17k of savings being made by the council. Overall, 75% of investigations resulted in a successful outcome.

Internal Audit Charter

- 2.5 The Internal Audit Charter sets out how internal audit at the Council will be provided in accordance with the PSIAS. The Charter is reviewed on an annual basis and any proposed changes are brought to the Audit & Governance Committee. No changes are proposed at this time.

3. Implications

- 3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

- 4.1 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating within the Council is that it provides Reasonable Assurance.
- 4.2 This opinion is however qualified, in light of the current Covid-19 pandemic and the impact of this on the council. The opinion is based

on internal audit work undertaken, and substantially completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the current short term measures or the overall impact on the framework of governance, risk management and control.

- 4.3 Some weaknesses in the control environment have been identified in relation to specific audits, that are considered relevant to the preparation of the 2019/20 Annual Governance Statement. Further information on these issues is included in appendix A.

5. **Background Documents**

Internal Audit and Counter Fraud Plan 2019/20
Internal Audit and Counter Fraud progress reports to Audit and Governance Committee in 2019/20 (October, January)
The Public Sector Internal Audit Standards 2017

6. **Appendices:** **Appendix A: Annual Report of the Head of Internal Audit 2019/20**
- Appendix B: Summary of counter fraud work 2019/20**

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