



Agenda Item 6

Finance and Audit Scrutiny Committee
26 May 2021

Title: Internal Audit Annual Report 2020/21

Lead Officer: Richard Barr

Portfolio Holders: Councillor Noone

Public report / Confidential report: Public report

Wards of the District directly affected: Not applicable

Contrary to the policy framework: No

Contrary to the budgetary framework: No

Key Decision: No

Included within the Forward Plan: No

Equality Impact Assessment Undertaken: Not applicable

Consultation & Community Engagement: Consultation with line management and SMT. None with community.

Checked for Accessibility: Yes

Final Decision: Yes.

Officer/Councillor Approval

Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	4 May 2021	Chris Elliott/Andrew Jones
Head of Service	4 May 2021	Mike Snow
CMT	4 May 2021	Chris Elliott/Andrew Jones/Bill Hunt
Section 151 Officer	4 May 2021	Mike Snow
Monitoring Officer	4 May 2021	Andrew Jones
Finance	4 May 2021	Mike Snow
Portfolio Holder(s)	13 May 2021	Councillor Noone

1 Summary

- 1.1 Forming part of the evidence for the Annual Governance Statement, the Internal Audit Annual Report presents a summary of the internal work undertaken during 2020/21 and provides a conclusion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

2 Recommendation

- 2.1 That this Committee considers the Annual Report of Internal Audit for the year ended 31 March 2021 as part of its consideration and approval of the Annual Governance Statement 2020/21.

3 Reason for the Recommendations

- 3.1 The Public Sector Internal Audit Standards require that "The 'chief audit executive' must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement."

4 Policy Framework

4.1 Fit for the Future (FFF)

- 4.1.1 The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.
- 4.1.2 The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found [on the Council's website](#). The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

4.2 FFF Strands

4.2.1 External impacts of proposal(s)

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

4.2.2 Internal impacts of the proposal(s)

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

4.3 Supporting Strategies

4.3.1 Each strand of the FFF Strategy has several supporting strategies but description of these is not relevant for the purposes of this report.

4.4 Changes to Existing Policies

4.4.1 This section is not applicable.

4.5 Impact Assessments

4.5.1 This section is not applicable.

5 Budgetary Framework

5.1 Although there are no direct budgetary implications arising from this report, Internal Audit provides a view on all aspects of governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

6 Risks

6.1 Internal Audit provides a view on all aspects of governance, including corporate and service arrangements for managing risks.

6.2 It is impractical to provide a commentary on risks as the report is concerned with the outcome of reviews by Internal Audit on other services. Having said that, there are clear risks to the Council in not dealing with the issues raised within the Internal Audit reports (these risks were highlighted within the reports). There is also an overarching risk associated with the Finance & Audit Scrutiny Committee not fulfilling its role properly e.g. not scrutinising this report robustly.

7 Alternative Options Considered

7.1 This report does not involve option analysis leading to recommending a particular option in preference to others so this section is not applicable.

8 Background to the Annual Governance Statement & Requirement for Internal Audit Annual Report

8.1 The Public Sector Internal Audit Standards state:

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

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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.*

8.2 The Annual Report, in the format and comprising the topics prescribed by the Public Sector Internal Audit Standards, is set out as Appendix 1.