

 <b>Finance &amp; Audit Scrutiny Committee</b> <b>30 May 2018</b>		<b>Agenda Item No.</b> <b>5</b>
<b>Title</b>		Internal Audit Annual Report 2017/18
<b>For further information about this report please contact</b>		Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk
<b>Service Area</b>		Finance
<b>Wards of the District directly affected</b>		Not applicable
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b>		No
<b>Date and meeting when issue was last considered and relevant minute number</b>		Finance & Audit Scrutiny Committee – 31 May 2017
<b>Background Papers</b>	Accounts and Audit (England) Regulations 2015 Delivering Good Governance in Local Government: Framework (CIPFA in association with SOLACE, 2016) Delivering Good Governance in Local Government: Guidance Notes for English Authorities 2016 Edition (CIPFA in association with SOLACE) The Annual Governance Statement – Rough Guide for Practitioners (CIPFA Financial Advisory Network) Internal Audit Reports Public Sector Internal Audit Standards Quarterly Progress Reports Post-audit client questionnaires and satisfaction surveys	

<b>Contrary to the policy framework:</b>		No
<b>Contrary to the budgetary framework:</b>		No
<b>Key Decision?</b>		No
<b>Included within the Forward Plan? (If yes include reference number)</b>		No
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>		N/A: no direct service implications
<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <u>must</u> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive	25 April 2018	Chris Elliott
Section 151 Officer	25 April 2018	Mike Snow
Monitoring Officer	25 April 2018	Andrew Jones
Finance	25 April 2018	As Section 151 Officer
Leader of the Council	9 May 2018	Councillor Mobbs
Portfolio Holder	9 May 2018	Councillor Whiting
<b>Consultation and Community Engagement</b>		
Consultation with members and officers listed above.		
<b>Final Decision?</b>		Yes
<b>Suggested next steps (if not final decision please set out below)</b>		

## 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 2017/18 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 2018 as part of its consideration and approval of the Annual Governance Statement 2017/18.

## 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)

The Council's FFF Strategy is designed to deliver the District's Vision of making it a Great Place to Live, Work and Visit. With those objectives the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities.	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB.	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels.
<b>Impacts of Proposal</b>		
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.		
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>

<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services.	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money.
<b>Impacts of Proposal</b>		
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 **Supporting Strategies**

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

## 4.3 **Changes to Existing Policies**

This section is not applicable.

## 4.4 **Impact Assessments**

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 risks to the Council in not dealing with the issues raised in the Internal Audit 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 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.*

*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.*

### 8.4 The Annual Report is set out as Appendix 1.