



Title		Internal Audit Annual Report 2019/20
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Service Area		Finance
Wards of the District directly affected		Not applicable
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006		No
Date and meeting when issue was last considered and relevant minute number		Finance & Audit Scrutiny Committee – 29 May 2019
Background Papers	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) Public Sector Internal Audit Standards Internal Audit Reports Quarterly Progress Reports Post-audit client questionnaires and satisfaction surveys	
Contrary to the policy framework:		No
Contrary to the budgetary framework:		No
Key Decision?		No
Included within the Forward Plan? (If yes include reference number)		No
Equality & Sustainability Impact Assessment Undertaken		N/A: no direct service implications
Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive	11 May 2020	Chris Elliott
Monitoring Officer	11 May 2020	Andrew Jones
Section 151 Officer	11 May 2020	Mike Snow
Finance	11 May 2020	As Section 151 Officer
Leader of the Council	12 May 2020	Councillor Day
Portfolio Holder	12 May 2020	Councillor Hales
Consultation and Community Engagement		
Consultation with members and officers listed above.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

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 2019/20 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 2020 as part of its consideration and approval of the Annual Governance Statement 2019/20.

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
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<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> Becoming a net-zero carbon organisation by 2025. Total carbon emissions within Warwick District are as close to zero as possible by 2030. 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.

Impacts of Proposal		
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.		
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<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.
Impacts of Proposal		
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, in the format and comprising the topics prescribed by the Public Sector Internal Audit Standards, is set out as Appendix 1.