

<b>REPORT TO:</b>	Business Efficiency Board
<b>DATE:</b>	24 July 2019
<b>REPORTING OFFICER:</b>	Divisional Manager – Audit, Procurement & Operational Finance
<b>PORTFOLIO:</b>	Resources
<b>SUBJECT:</b>	Internal Audit Annual Report – 2018/19
<b>WARD(S):</b>	Borough-wide

### **1.0 PURPOSE OF REPORT**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to deliver an annual audit opinion and report, which can be used to inform the Annual Governance Statement.
- 1.2 This report summarises the work of internal audit during 2018/19 and presents the Head of Internal Audit's opinion on the effectiveness of the Council's overall risk management, control and governance processes.

### **2.0 RECOMMENDATION: That the Board considers and approves the Internal Audit Annual report.**

### **3.0 SUPPORTING INFORMATION**

- 3.1 Internal Audit is an assurance function that provides an independent and objective opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes.
- 3.2 The Public Sector Internal Audit Standards (PSIAS) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) require the Head of Internal Audit to provide an opinion on the Council's risk management, control and governance processes and a written report to those charged with governance, timed to support the Annual Governance Statement.
- 3.3 In February 2018, the Business Efficiency Board considered and approved an internal audit plan for 2018/19. Some amendments to the plan were reported to, and agreed by, the Board during the course of the year.
- 3.4 The work for the year is now sufficiently complete to support the overall opinion on the Council's risk management, control and governance processes.
- 3.5 The overall opinion is included in the Internal Audit Annual Report (attached as a separate appendix). The opinion is supported by the

Internal Audit progress reports that the Board has received throughout the year.

- 3.4 The Annual Report includes details of the evidence base supporting the opinion in the form of summary details of the audit assignments and the ‘follow-up’ audit assignments completed in the year.

#### **4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

- 4.1 Under Regulation 6 of the Accounts & Audit Regulations 2015, the Council ‘must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control’. This responsibility is delegated to the Operational Director – Finance.
- 4.2 There are no direct policy implications arising from this report. However, the Head of Internal Audit’s opinion on the Council’s risk management, control and governance processes is one of the key sources of assurance that supports the Council’s Annual Governance Statement.
- 4.3 The internal audit work carried out during the year provides assurance that the Council’s main financial systems are operating effectively.

#### **5.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES**

##### **5.1 Children and Young People in Halton**

Internal audit provides assurance over the Council’s risk management, control and governance processes, which help to support the achievement of the aims and objectives set out in the Corporate Plan.

##### **5.2 Employment, Learning and Skills in Halton**

See 5.1

##### **5.3 A Healthy Halton**

See 5.1

##### **5.4 A Safer Halton**

See 5.1

##### **5.5 Halton’s Urban Renewal**

See 5.1

#### **6.0 RISK ANALYSIS**

Internal Audit adopts a risk based approach to its work and provides assurance over the Council’s key business risks. In the course of its work, internal audit raises issues which have risk implications for the Council. The regular internal audit progress reports to the Business

Efficiency Board summarise these issues and provides details of the actions agreed with management to mitigate any risks identified.

There are no direct risk implications arising from this report.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

None

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<u>Document</u>	<u>Place of Inspection</u>	<u>Contact</u>
Internal Audit Plan 2018/19	1 <sup>st</sup> Floor, Kingsway House,	Merv Murphy
Internal Audit reports	Kingsway, Widnes	
Public Sector Internal Audit Standards		
Local Government Application Note for the UK Public Sector Internal Audit Standards		