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| **REPORT TO** | **ON** |
| **Governance Committee** | **28 January 2020**  |
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| **TITLE** | **REPORT OF** |
| **Internal Audit Reports - Assurance Opinion Limited Issued Quarter 3** | **Interim Chief Executive** |

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| Is this report confidential? | **No**  |

**PURPOSE OF THE REPORT**

1. The Governance Committee requested that the Interim Head of Shared Assurance present to the Committee audit reports where the Internal Audit opinion of the level of assurance provided was **Limited.** This report is the first presentation of the complete audit reports for 2019/20 Internal Audit Plan where the opinion is that of Limited assurance.

**RECOMMENDATIONS**

1. That the Governance Committee consider and note the attached reports.

**CORPORATE OUTCOMES**

1. The report relates to the following corporate priorities:*(tick all those applicable):*

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| Excellence, Investment and Financial Sustainability | X |
| Health, Wellbeing and Safety |  |
| Place, Homes and Environment |  |

Projects relating to People in the Corporate Plan:

|  |  |
| --- | --- |
| Our People and Communities |  |

**BACKGROUND TO THE REPORT**

1. The Governance Committee is responsible for ensuring that the Governance arrangements of the Council are sound and operating effectively. In order to provide assurance to the Committee that Governance arrangements are in place and operating effectively, that controls are in place and operating as they should and that risks are mitigated thus providing assurance that the Council’s overall control environment is adequate, the Interim Head of Shared Assurance presents quarterly monitoring and progress reports to the Governance Committee. These reports include the assurance opinion for each service area / system / process reviewed, the Governance Committee have requested that the Interim Head of Shared Assurance provide full reports to the Governance Committee where that assurance opinion has been classified as providing **Limited Assurance.**

**PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)**

1. The level of assurance applied is based on the auditor’s assessment (with the agreement of the Interim Head of Shared Assurance) of the extent to which:-

i) System objectives of the area reviewed are met;

ii) Governance arrangements are in place and the effectiveness of those arrangements;
iii) Controls are in place and the effective operation of those controls; and
iv) Risks are mitigated.

1. There are two areas that are included in the Internal Audit Plan Progress Report as at 31 December 2019 where the auditor’s opinion has been classified as providing **Limited Assurance.** These areas are:-

i) Performance Management Information
ii) General Data Protection Rules.
2. The reports provide full details of work undertaken, issues identified and Management Actions. In regard to Performance Management Information the Management Actions have been agreed and some have been implemented as can be seen from the report. In respect of the General Data Protection Rules report, whilst the report has been issued due to the timing of issue and the requirement to agree the responses to the Management Actions with Leadership Team, the report is presented without management responses to the recommended actions. The Interim Head of Shared Assurance will work with the Director for Customer and Digital to complete the responses to the recommended actions, agree timescales, present to Leadership Team for their agreement; an update to the report and the management actions responses will be reported to the Governance Committee at it’s March meeting. As the audit work was undertaken October / November a verbal update of the position of the outstanding issues will be presented to the Governance Committee at the meeting by the Interim Head of Shared Assurance.

**CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

1. Consultation with the Policy, Performance and Partnerships Manager and the Director of Customer and Digital in respect of the factual accuracy of the reports, the management actions and responses.

**AIR QUALITY IMPLICATIONS**

1. None

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

1. The audit reports highlight the control weaknesses which have been identified in the two areas. These weaknesses must be addressed to ensure that performance management and reporting is consistent and accurate, and regarding GDPR to mitigate against any legislative, financial and reputational damage. Agreement and implementation of the recommended Management Actions set out in the audit reports as a matter of priority will ensure that these potential risks are minimised.

**COMMENTS OF THE MONITORING OFFICER**

1. The legal implications have been identified in the audit reports. It is imperative that the issues raised in the audit reports are addressed as soon as possible to ensure that risks are mitigated, and the Council is complying with its duties.

**OTHER IMPLICATIONS:**

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| * **Risk**
 | The matters raised in the report are cross cutting and impact upon those individual services reviewed and the Internal Control environment of the Council.Failure to report the progress of the Audit Plan to the Governance Committee would result in the lack of awareness of those charged with the responsibility for the Governance of the Council of issues in regard to the Council’s overall control environment. This could result in financial, legal and / or reputational harm to the Council. |

**BACKGROUND DOCUMENTS**

There are no background reports to this report

**APPENDICES (or There are no appendices to this report)**

Attached – Performance Management Information Report Internal Audit Report

 General Data Protection Rules Internal Audit Report

Janice Bamber

Interim Head of Shared Assurance

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| Report Author: | Telephone: | Date: |
| Janice Bamber, Interim Head of Shared Assurance Services | 01772 625272 | 24th January 2020 |