

REPORT TO	ON
Governance Committee	16 June 2020



TITLE	REPORT OF
Internal Audit - Head of Audit Annual Report	Interim Chief Executive

Is this report confidential?	No
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PURPOSE OF THE REPORT

1. The purpose of this report is to:-
 - summarise the work undertaken by the Internal Audit Service from April 2019 to March 2020;
 - provide the Head of Internal Audit's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control; and
 - to provide an appraisal of the Internal Audit Services performance throughout the period.

RECOMMENDATIONS

2. That the Committee:-
 - i) Note the Internal Audit Annual Report for 2019/20;
 - ii) Note the progress of work undertaken against the Annual Plan; and
 - iii) Note the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control.

EXECUTIVE SUMMARY

3. The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Internal Audit Annual Report for 2019/20 is attached to this report and fulfils the requirement to report to the Governance Committee the Head of Internal Audit overall opinion on the governance, risk and control environment and a summary of internal audit work performed throughout the year in comparison with the Audit Plan for 2019/20.

CORPORATE OUTCOMES

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

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

Projects relating to People in the Corporate Plan:

Our People and Communities	
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BACKGROUND TO THE REPORT

5. The Public Sector Internal Audit Standards require that the Head of Internal Audit provide an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control, this includes an opinion on the level of assurance provided in the overall control environment which is supported by the work undertaken throughout the year,

At South Ribble this is the responsibility of the Interim Head of Shared Assurance. In order to form that opinion a number of areas are reviewed including the work undertaken by Internal Audit during the preceding financial year, in this case 2019/20, the review of the governance framework undertaken as part of the Annual Governance Statement work and the embedding of Risk Management within the Council.

These factors come together to provide evidence to support the opinion of the Interim Head of Shared Assurance.

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

6. The Annual Report attached includes a summary of the status of work undertaken during 2019/20 financial year against the Annual Plan for 2019/20 at Appendix 1. There is also more details of the findings, governance issues arising from those findings and any updates included at Appendix 2 to the Head of Audit Annual Report.

Key Performance Indicators

7. The report and summary show that the 92.54% of the Planned work has been completed (based on the original Audit Plan for 2019/20), included in that plan were 60 days 'to be allocated' at page 2 of the summary the work completed against those 60 days has been outlined, there is also a further piece of work that was undertaken as part of the governance issues and arising risks identified throughout the year, this is outlined on the second page.
8. The original 2019/20 Planned work was 340 days, actually completed is 517.4 days, this equates to 152% of the plan being completed. The detailed explanation in regard to the resource is included in the Annual Report.
9. Internal Audit achieved a 100% acceptance rate for recommendations / agreed management actions relating to the reports completed and management actions agreed.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

10. Progress reports are provided to Governance Committee on a quarterly basis; the plan and resulting outcomes are discussed with the Interim Chief Executive periodically, presented to Leadership Team, where relevant, and issues arising discussed with the Council's S151 Officer.

COMMENTS OF THE STATUTORY FINANCE OFFICER

11. It is clear that additional hours were required at South Ribble to complete additional work relating to compliance issues. The additional staffing costs have been met through underspends in staffing budgets.

COMMENTS OF THE MONITORING OFFICER

12. This report recognises that there has been a pattern of governance failure within this Council and seeks to identify the reasons these failures have arisen. The opinion that the internal control environment provides only Limited Assurance is of significant concern. It does, however, echo the findings of the Annual Governance Statement and the opinion expressed will be confirmed in that document.

OTHER IMPLICATIONS:

▶ Risk	The failure to form an opinion on the control environment may lead the Council open to challenge from External Audit and could result in reputational harm
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BACKGROUND DOCUMENTS

Governance Committee quarterly reports.

APPENDICES

Attached – Internal Audit Head of Internal Audit Annual Report 2019/20
Appendix to Report
Appendix 1 – Internal Audit Work Summary 2019/20
Appendix 2 – Summary of Findings Audit Reports

Janice Bamber
Interim Head of Shared Assurance

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