

**Subject: Annual Internal Audit Report 2017/18**

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## **1. Purpose of the Report**

1.1 To report on the activities of Internal Audit during the 2017/18 financial year that includes, amongst other matters, an opinion on the overall adequacy and effectiveness of the Council's internal control environment.

## **2. Background**

### **The role of Internal Audit**

2.1 The role of Internal Audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal Audit is therefore a key part of Gedling Borough Council's assurance cycle, and if used properly, can help to inform and update the Council's risk profile. Internal Audit is just one of the sources of assurance available to the Council and the Audit Governance Statement.

2.2 Under Regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which amended the 2011 Regulations, authorities are required to publish an Annual Governance Statement in line with the CIPFA/SOLACE Framework "*Delivering Good Governance in Local Government*", to meet with that statutory requirement.

2.3 The Council's 2017/18 Internal Audit Plan was delivered by RSM Risk Assurance Services LLP on an outsourced basis.

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2.4 The report summarises the work undertaken by Internal Audit during the financial year 2017/18 to formulate that opinion.

2.5 The overall opinion issued to Gedling Borough Council for the 12 months ending 31 March 2018 is as follows:

*“Gedling Borough Council has adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework for risk management, governance and internal control to ensure that it remains adequate and effective.”*

2.6 The Council has an established Risk Management Strategy in place. The risks identified are recorded at either the corporate level, in a Corporate Risk Register or at an operational level, in Service Risk Registers. This two-tier approach ensures that the highest level strategic risks, those which present the greatest challenge to the Council, are identified, evaluated and closely monitored by the Audit Committee on a quarterly basis. Responsibility for the scrutiny of directorate risks rests with the Senior Leadership Team.

2.7 We have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2017/18 Internal Audit Plan. There is a sound governance framework in place and we have observed that the Audit Committee is effective in monitoring and challenging management and holding them to account.

An audit of Corporate Governance, with a specific focus on Members Interests was undertaken as part of the approved Internal Audit Plan for 2017/18. This audit concluded that the Council’s governance arrangements are adequate to provide assurance to the public that members are fully compliant with the Code of Conduct and that all relevant declarations of interests are made and recorded in a Register of Interests. This audit resulted in a substantial assurance opinion.

2.8 We undertook 20 internal audit reviews in 2017/18, which resulted in an assurance opinion. There were 15 reviews (75%) from which the Council can take substantial assurance and five reviews (25%) from which the Council can take reasonable assurance.

During the year we raised a total of 53 management actions across assurance and follow up reviews. Of the 53 management actions raised: one was ‘high’ priority, 12 were ‘medium’ priority and 40 were ‘low’ priority actions.

### **3. Recommendations**

3.1 Members are requested to receive and accept the Report as presented.