

Subject: Annual Internal Audit Report 2018/19

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1. Purpose of the Report

1.1 To report on the activities of Internal Audit during the 2018/19 financial year that includes, amongst other matters, an opinion on the overall adequacy and effectiveness of the Council's internal control environment.

Recommendations:

That Members:

- receive and accept the Report as presented

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 organisation'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 2018/19 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 2018/19 to formulate that opinion.

2.5 The overall opinion issued to Gedling Borough Council for 2018/19 is as follows:

“Internal Audit are satisfied that sufficient internal audit activity has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Gedling Borough Council’s risk management, governance and control processes.

It is Internal Audit’s opinion that, for the 12 months ending 31 March 2019, Gedling Borough Council has adequate and effective risk management, governance and internal control processes to manage and achieve the organisation’s objectives. However, our work has identified further enhancements to the framework of risk managements, governance and internal control to ensure that it remains adequate and effective.”

2.6 Our risk management opinion is informed by our observation of risk management systems and processes throughout the course of all audits within the Audit Plan. The Corporate Risk Register contains those risks which may impact achievement of the Council’s strategic objectives, whereas the Service Risk Register documents risks identified at an operational level for each service area. The risks are discussed and reviewed quarterly by the Senior Leadership Team and a quarterly report is presented to Audit Committee. An audit of Risk Management was undertaken during 2018/19, which concluded that the Council could take substantial assurance.

2.7 We have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2018/19 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 the Council’s constitution provided continued assurance over key areas of governance including the Council’s effectiveness and ability to react to and reach informed decisions. Our review concluded that the Council could take substantial assurance.

2.8 In total, 22 internal audit reviews were undertaken during 2018/19. These comprised of 17 assurance reviews, two follow-up reviews and three Advisory reviews where no opinion is given. Of the assurance reviews, the Council and take substantial assurance for 13 reviews and take reasonable assurance four reviews. For the follow-up reviews, Reasonable Progress was made on implementing the management actions raised on the first review and Poor Progress was made on the second review. One internal audit review is currently at the draft report stage.

2.9 In conclusion, the Council has maintained progress within the areas of

governance, risk management and control arrangements.

3. Appendices

Appendix – Annual Internal Audit Report 2018/19.