

**Subject: Annual Internal Audit Report 2019/20**

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

1.1 To report on the activities of Internal Audit during the 2019/20 financial year to date 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 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 2019/20 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 2019/20 to formulate the opinion.

2.5 The overall opinion issued to Gedling Borough Council for 2019/20 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 2020, Gedling Borough Council has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.*

2.6 To inform the governance opinion for 2019/20, consideration was taken of the governance and oversight-related elements of each of the reviews delivered as part of the 2019/20 Internal Audit Plan. It was concluded that there is a sound governance framework in place and the Audit Committee is effective in monitoring and challenging management.

A review of Corporate Governance was also undertaken at the Council as part of the approved Internal Audit Plan for 2019/20. The review reported positively on the governance framework in place and concluded that the Council could take substantial assurance.

2.7 Our risk management opinion is informed by our observation of risk management systems and processes throughout the course of all audits within the Internal 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 the Audit Committee. An audit of Risk Management was undertaken during 2019/20, which concluded that the Council could take substantial assurance.

2.8 We undertook 16 Internal Audit reviews in 2019/20 which resulted in an assurance opinion. There were 12 reviews (75%) from which the Council can take substantial assurance, three reviews (19%) from which the Council can take reasonable assurance and one review of IT General Controls (6%) from which the Council can take partial assurance. The IT General Controls review resulted in three high, three medium and six low priority actions being raised and agreed with management.

During the year we raised a total of 69 management actions across assurance and follow up reviews. Of the 69 actions raised: three (4%) were 'high' priority, 31 (45%) were 'medium' priority and 35 (51%) were 'low' priority actions.

2.9 In conclusion, the Council has maintained progress within the areas of governance, risk management and control arrangements.

### **3. Recommendations**

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