

Report of	Meeting	Date
Director of Governance	Governance Committee	1 July 2020

INTERNAL AUDIT - HEAD OF AUDIT ANNUAL REPORT 2019/20

PURPOSE OF REPORT

- The purpose of the report is to:-
 - summarise the work undertaken by the Internal Audit Service from 1st April 2019 to 31st March 2020 relating to the 2019/20 Audit Plan;
 - 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.

RECOMMENDATION(S)

- That the Committee:-
 - Note the Internal Audit Annual Report for 2019/20;
 - Note the progress of work undertaken against the 2019/20 Annual Plan; and
 - 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 OF REPORT

- The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide an opinion on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control. The Internal Audit Annual Report for 2019/20 is attached to this report at Appendix 1, this report fulfils the requirement of the PSIAS to provide the Head of Internal Audit's opinion.
- The report also provides to Governance Committee an overview of the work undertaken against the agreed Audit Plan for 2019/20, the assurance opinion for each of the reviews and an overview of the findings from each review.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and		An ambitious council that does more	X

communities		to meet the needs of residents and the local area	
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BACKGROUND

6. 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 (2019/20).
7. At Chorley BC 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 in the preceding year in this case 2019/20; the review and assessment 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, the opinion is outlined at Section 3 of the Head of Internal Audit – Annual Report.

Annual Report 2019/20

8. The Annual Report is attached at Appendix 1, it includes a summary of the status of work undertaken during 2019/20 financial year against the agreed Annual Plan for 2019/20, which is attached as Appendix 2. Significant findings and findings in relation to those audit reviews with a Limited Assurance opinion are included at 5.5 to 5.9 of the HIA Annual Report.

Performance

9. The report and summary show that 70% of the Planned work has been completed in the year (based on the adjusted plan for 2019/20, this is explained within the Head of Internal Audit Report). The original 2019/20 Planned work equated to 248 days, there were a number of adjustments including deletion and deferment of a number of audits outlined at paragraph 4.4 of the report, the deletions were:-

- i) Elections – deferred to 2020/21 Audit Plan, this was initially due to increased pressure from increased elections being called and the all out elections that were due to take place in May 2020 (the election was then deferred due to COVID-19), Further discussions with the Director of Governance will determine the feasibility of undertaking that audit in 2020/21;
- ii) Time Credits – audit review no longer required, this was replaced with a higher risk area – Syrian Resettlement Programme

There was 2 unplanned pieces of work requested and added to the plan, these are:-

- i) Syrian Resettlement (as outlined above)
- ii) Environmental Permitting Regulations Follow Up – this was a follow up of a 2018/19 review which was provided a Limited Assurance opinion.

10. The overall Audit Plan for 2019/20 was 340 days initially, after adjustments outlined above and at paragraphs 4.4, 5.1-5.4 of the HIA Annual Report, the actual planned days equates to 281 days and 214 actual days have been undertaken, which equates to 76.15% of the original overall plan completed (subsequent to adjustments) . A number of pieces of work had commenced in March 2020, which have not been completed, due to the Internal Audit team being seconded into the Community Hub at South Ribble to support the case

management and provide support to the vulnerable in the Community.

11. These reviews are:-

Housing Benefits
Sundry Debtors
Whistleblowing Policy & Review
Outdoor Leisure Contract.

12. A number of areas have been carried forward / deferred to 2020/21 Audit Plan, these are:-

Income Collection & Receipt
Performance Management Information
Housing Standards

13. Internal Audit achieved a 100% acceptance level for recommendations / agreed management actions

IMPLICATIONS OF REPORT

14. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	x	Customer Services	
Human Resources		Equality and Diversity	
Legal	x	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

15. Failure to present the Annual Report including the Head of Internal Audit's opinion on the overall governance, risk and control environment to the Governance Committee would result in a lack of awareness of those charged with the responsibility for the Governance of the Council of issues in regard to the Council's governance, risk and control arrangements. This could result in legal, financial and reputational harm to the Council

COMMENTS OF THE STATUTORY FINANCE OFFICER

16. The contents of the report are noted. Further audit work with regard to the Creditors function will be undertaken and management actions agreed

COMMENTS OF THE MONITORING OFFICER

17. The legal requirements are properly set out in the body of the report.

Chris Moister
Director of Governance

Background Papers		
Document	Date	File
Chorley Internal Audit Plan 2019/20	March 2019	

Report Author	Ext	Date
Janice Bamber	5470	22 June 2020