



COTSWOLD DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE - 30 JULY 2020
Report Number	AGENDA ITEM (8)
Subject	INTERNAL AUDIT ANNUAL OPINION 2019/20
Wards affected	N/A
Accountable member	Cllr. Mike Every - Deputy Leader and Cabinet Member for Finance Email: mike.every@cloud.cotswold.gov.uk
Accountable officer	Jenny Poole - Chief Finance Officer Tel: 01285 623313 Email: jenny.poole@cotswold.gov.uk
Summary/Purpose	<p>To present a summary of the work undertaken by Internal Audit during 2019/20 and to give an overall opinion on levels of assurance resulting from this work.</p> <p>Due to the information contained in The Internal Audit Annual Opinion, it was deemed unnecessary to submit a separate quarterly monitoring report. Instead, we have produced a condensed version of the usual report which contains a summary of the work concluded since the last meeting of this Committee.</p>
Annexes	Annex A - Internal Audit Annual Opinion 2019/20 Annex B - Summary of work completed since January 2020
Recommendation/s	<i>That the Committee considers the report and comments, as necessary.</i>
Corporate priorities	Ensure that all services delivered by the Council are delivered to the highest standard.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

1. BACKGROUND

- 1.1.** The Annual Opinion Report 2019/20, Annex 'A', provides the Head of Internal Audit's (SWAP Assistant Director) opinion, on the adequacy and effectiveness of internal control within Cotswold District Council. The opinion is based on the adequacy of control, noted from a selection of risk-based audits carried out during the year, and other advice work on control systems including the proactive work of the service as it supports the control arrangements within change projects. The results of any external inspections also inform the opinion.
- 1.2.** Throughout the year the Internal Audit service have measured the degree of control assurance within the systems, or elements of systems, audited or supported by way of control advice. Overall, the opinion is that a 'Reasonable' assurance level can be given for the controls in place, within the areas where audit activity has taken place, to safeguard these systems which in turn support the delivery of the Council's overall business objectives.
- 1.3.** Where operational control issues were raised, the risks associated with the control issues raised, in the audit reports, are being actively managed by Management.
- 1.4.** The report outlines how the Internal Audit function has supported the Council in meeting the requirements of the Public Sector Internal Audit Standards. These state that:

 - "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
 - "A relevant authority must conduct, each financial year, a review of the effectiveness of the system of internal control."
- 1.5.** The purpose of the Head of Internal Audit's Annual Opinion is to contribute to the assurances available to the Interim Chief Executive and the Council which underpin the Council's own assessment of the effectiveness of the authority's system of internal control. This opinion is one component that the Council must take into account when completing its Annual Governance Statement.
- 1.6.** Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

2. MAIN POINTS

- 2.1.** In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon, and limited to, the work performed, on the overall adequacy and effectiveness of the organisation's control arrangements. This is achieved through a risk-based programme of activities, agreed with management and approved, for 2019/20, by the Audit Committee, which should provide a level of assurance across a range of Council activities. The opinion does not imply that the internal audit service has reviewed all risks and controls relating to the Council or the systems it reviews.

3. FINANCIAL IMPLICATIONS

- 3.1. The Internal Audit Service is operating within the contract sum.

4. LEGAL IMPLICATIONS

- 4.1. None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

5. RISK ASSESSMENT

- 5.1. Weaknesses in the control framework, identified by the Internal Audit activity, will continue to threaten organisational objectives if recommendations are not implemented.

6. BACKGROUND PAPERS

- 6.1. Internal Audit Reports and update reports presented to the Audit Committee.

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