



**AUDIT COMMITTEE**

**4<sup>TH</sup> JULY 2017**

**AGENDA ITEM (9)**

**INTERNAL AUDIT ANNUAL OPINION 2016/17**

<b>Accountable Member</b>	Audit Committee
<b>Accountable Officer</b>	Lucy Cater Acting Head of Audit Cotswolds (2016/17) Assistant Director, SWAP (2017/18) 01285 623340 <a href="mailto:lucy.cater@cotswold.gov.uk">lucy.cater@cotswold.gov.uk</a> <a href="mailto:lucy.cater@southwestaudit.co.uk">lucy.cater@southwestaudit.co.uk</a>
<b>Purpose of Report</b>	<p>To present a summary of the work undertaken by Internal Audit during 2016/17 and to give an overall opinion on levels of assurance resulting from this work.</p> <p>The Internal Audit Annual Opinion, attached at <b>Appendix 'A'</b>, gives the opinion, on behalf of the Acting Head of Audit Cotswolds and, therefore, the Officer responsible for the delivery of the Internal Audit function, which includes assessing 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.</p> <p>Throughout the year we have measured the degree of control assurance within the systems or elements of systems we have audited or supported by way of control advice. Overall, the opinion is that a satisfactory 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.</p> <p>Where operational control issues were raised, the risks associated with the control issues raised, in the audit reports, are being actively managed by the responsible Management.</p> <p>Due to the information contained in The Annual Opinion, it was deemed unnecessary to submit a quarterly monitoring report but Executive Summaries for audits concluded since the last Audit Committee are attached at <b>Appendix 'B'</b>.</p>
<b>Recommendation(s)</b>	<b>That the Committee considers the report and comments thereon.</b>

<b>Reason(s) for Recommendation(s)</b>	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 2016/17, 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
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<b>Ward(s) Affected</b>	Not applicable
<b>Key Decision</b>	No
<b>Recommendation to Council</b>	No

<b>Financial Implications</b>	As detailed within the report
<b>Legal and Human Rights Implications</b>	As detailed within the report
<b>Environmental and Sustainability Implications</b>	Not applicable
<b>Human Resource Implications</b>	As detailed within the report
<b>Key Risks</b>	As detailed within the report
<b>Equalities Analysis</b>	Not required

<b>Related Decisions</b>	None
<b>Background Documents</b>	Audit Reports
<b>Appendices</b>	<b>Appendix 'A'</b> - Annual Audit Opinion 2016/17 <b>Appendix 'B'</b> - Executive Summaries

<b>Performance Management Follow Up</b>	N/A
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<p><b><u>Background</u></b></p> <p>1. 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:-</p> <p><i>"The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement."</i></p> <p><i>"The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control"</i></p>
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2. The purpose of the annual Head of Internal Audit Opinion is to contribute to the assurances available to the Head of Paid Service 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.

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