



AUDIT COMMITTEE

25th July 2019

AGENDA ITEM (11)

INTERNAL AUDIT ANNUAL OPINION 2018/19

Accountable Member	Audit Committee
Accountable Officer	Jenny Poole Chief Finance Officer 01285 623313 Jenny.Poole@cotswold.gov.uk

Purpose of Report	<p>To present a summary of the work undertaken by Internal Audit during 2018/19 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>
Recommendation(s)	That the Committee considers the report and comments as necessary.
Reason(s) for Recommendation(s)	<p>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 2018/19, 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.</p>

Ward(s) Affected	Not applicable
Key Decision	No
Recommendation to Council	No

Financial Implications	As detailed within the report
Legal and Human Rights Implications	As detailed within the report
Environmental and Sustainability Implications	Not applicable

Human Resource Implications	As detailed within the report
Key Risks	As detailed within the report
Equalities Analysis	Not required

Related Decisions	None
Background Documents	Audit Reports
Appendices	Appendix 'A' - SWAP Report of Internal Audit Activity Annual Opinion Report 2018/19 Appendix 'B' – SWAP Summary of work completed since April 2019

Performance Management Follow Up	Where significant corporate issues or risks are identified as part of internal audit reviews. Follow up audits are carried out to provide assurance that management have addressed recommendations. The results of follow up audits are reported to the Audit Committee.
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Background Information

1. The Annual Opinion Report 2018/19, Appendix '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.

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.

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.

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."

5. The purpose of the Head of Internal Audit's Annual 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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