

# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Internal Audit Annual Report 2015/16 and Outline Internal Audit Plan 2016/17</b>	
<b>Report No:</b>	<b>PAS/SE/16/006</b>	
<b>Report to and date:</b>	Performance and Audit Scrutiny Committee	25 May 2016
<b>Portfolio holder:</b>	Ian Houlder Outgoing Portfolio Holder for Resources & Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Jon Snares Service Manager (Internal Audit) <b>Tel:</b> 01284 757239 <b>Email:</b> <a href="mailto:jon.snares@westsuffolk.gov.uk">jon.snares@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To provide members with: <ul style="list-style-type: none"> <li>• an overview of the work carried out by Internal Audit for the year ended 31 March 2016; and</li> <li>• the proposed Outline Internal Audit Plan for 2016/17.</li> </ul>	

<b>Recommendation:</b>	<p><b>Performance and Audit Scrutiny Committee</b></p> <p><b>It is RECOMMENDED that:</b></p> <p>(1) <b>the contents of the Annual Internal Audit Report for 2015/16 (Appendix A) are <u>noted</u>;</b></p> <p>(2) <b>the conclusion drawn in respect of the annual review of the effectiveness of internal audit is <u>endorsed</u>;</b></p> <p>(3) <b>the Internal Audit Plan for 2016/17 (Appendix C) be <u>approved</u>; and</b></p> <p>(4) <b>the contents of the Managing the Risk of Fraud, Theft and Corruption Report (Appendix D) are <u>noted</u>.</b></p>
<p><b>Key Decision:</b></p> <p><i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>• The Internal Audit Plan has been compiled in consultation with the Head of Resources and Performance (as S151 Officer), Leadership Team, and the external auditors; and</li> <li>• Consultation with key officers is also carried out during the audit process and in the production of individual internal audit reports and follow up work.</li> </ul>
<b>Alternative option(s):</b>	N/A
<b>Implications:</b>	
<p>Are there any <b>financial</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any <b>staffing</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any <b>ICT</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any <b>legal and/or policy</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any <b>equality</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<b>Risk/opportunity assessment:</b>	<p><i>(potential hazards or opportunities affecting corporate, service or project objectives)</i></p>

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Internal controls within the council may not be efficient and effective and as a result the council may not be identifying significant weaknesses that could impact on the achievement of the council's priorities and/or lead to fraud, financial loss or inefficiency.	Medium	<p>Members receive and approve the Internal Audit Plan and receive a progress report during the year.</p> <p>External Audit reviews the work of Internal Audit and internal control arrangements.</p>	Low
<b>Wards affected:</b>		N/A	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		N/A	
<b>Documents attached:</b>		<p><b>Appendix A</b> – Internal Audit Annual Report 2015/16</p> <p><b>Appendix B</b> - Performance and Audit Scrutiny Committee and Internal Audit Checklists</p> <p><b>Appendix C</b> – Outline Internal Audit Plan 2016/17</p> <p><b>Appendix D</b> – Managing the Risk of Fraud, Theft and Corruption Report</p> <p><b>Appendix E</b> – Summary of Audit Reports Issued</p>	

## **1. Key issues and reasons for recommendation**

### **1.1 Background Information**

1.1.1 Internal audit is an independent and objective assurance and consultancy function designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

### **1.2 Annual Internal Audit Report 2015/16**

1.2.1 In accordance with the Public Sector Internal Audit Standards the Service Manager (Internal Audit) is required to provide an annual written report to those charged with governance, timed to support the Annual Governance Statement, which includes an opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, including the internal control environment. The attached Internal Audit Annual Report (**Appendix A**) summarises the audit work carried out during the year across West Suffolk, presenting an opinion based upon the work performed.

### **1.3 Review of the Effectiveness of Internal Audit**

1.3.1 The Accounts and Audit Regulations 2015 require the councils to 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. This report sets out evidence which the Performance and Audit Scrutiny Committees can look to rely on when reviewing whether internal audit is effective, including relevant completed checklists at **Appendix B**.

### **1.4 Internal Audit Plan 2016/17**

1.4.1 In accordance with the Public Sector Internal Audit Standards an Audit Plan (**Appendix C**) has been prepared covering a period of one year. The work of Internal Audit is based upon this Plan which is prepared after consulting with stakeholders, including the Head of Resources and Performance (as S151 Officer), Leadership Team, and the external auditors.

### **1.5 Managing the Risk of Fraud, Theft and Corruption Report**

1.5.1 Fraud, theft and corruption are an ever present threat to the resources available in the public sector. The purpose of this report (**Appendix D**) is to demonstrate the councils' progress in developing and maintaining an anti-fraud and anti-corruption culture and publicise the action taken where fraud or misconduct have been identified.