

Informal Joint Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Internal Audit Annual Report 2016/17 and Outline Internal Audit Plan 2017/18	
Report No:	PAS/SE/17/007	
Report to and date:	Performance and Audit Scrutiny Committee	25 May 2017
Portfolio holder:	Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Jon Snares Service Manager (Internal Audit) Tel: 01284 757239 Email: jon.snares@westsuffolk.gov.uk	
Purpose of report:	To provide members with: <ul style="list-style-type: none"> • an overview of the work carried out by Internal Audit for the year ended 31 March 2017; and • the proposed Outline Internal Audit Plan for 2017/18. 	

Recommendation:	<p>Performance and Audit Scrutiny Committee:</p> <p>It is RECOMMENDED that:</p> <p>(1) the contents of the Annual Internal Audit Report for 2016/17 (Appendix A) are <u>noted</u>;</p> <p>(2) the conclusion drawn in respect of the annual review of the effectiveness of internal audit is <u>endorsed</u>;</p> <p>(3) the Internal Audit Plan for 2017/18 (Appendix C) be <u>approved</u>; and</p> <p>(4) the contents of the Managing the Risk of Fraud, Theft and Corruption Report (Appendix D) are <u>noted</u>.</p>
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not 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>
Consultation:	<ul style="list-style-type: none"> The Internal Audit Plan has been compiled in consultation with the Assistant Director Resources and Performance (as S151 Officer), Leadership Team, Service Managers, and the external auditors; and 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.
Alternative option(s):	N/A
Implications:	
<p>Are there any financial implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any staffing implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any ICT implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any legal and/or policy implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>
<p>Are there any equality implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>•</p>

Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
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	Members receive and approve the Internal Audit Plan and receive a progress report during the year. External Audit reviews the work of Internal Audit and internal control arrangements.	Low
Ward(s) affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		N/A	
Documents attached:		<p>Appendix A – Internal Audit Annual Report 2016/17</p> <p>Appendix B - Performance and Audit Scrutiny Committee and Internal Audit Checklists</p> <p>Appendix C – Outline Internal Audit Plan 2017/18</p> <p>Appendix D – Managing the Risk of Fraud, Theft and Corruption Report</p> <p>Appendix E – Summary of Audit Reports Issued</p>	

1. Key issues and reasons for recommendation

1.1 Background Information

1.1.1 Internal auditing 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 2016/17

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 adequacy and effectiveness of the councils' framework of risk management, control and governance processes. 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 2017/18

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 Assistant Director Resources and Performance (as S151 Officer), Leadership Team, Service Managers, 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.