

Internal Audit Annual Report 2018-2019

Report No:	PAS/WS/19/003	
Report to and date:	Performance and Audit Scrutiny Committee	30 May 2019
Cabinet Member:	Appointment of the Cabinet Member to be confirmed at Annual Council on 22 May 2019.	
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Decisions Plan: This item is not included in the Decisions Plan.

Wards impacted: N/A

Recommendation: It is **RECOMMENDED** that, the contents of:

- (1) **The Internal Audit Annual Report 2018-2019;**
- and**
- (2) **The Annual Fraud Report 2018-2019 are noted.**

1. Background / Context

- 1.1 It is vital for our communities continued confidence and the smooth and proper running of a local authority that thorough, open and transparent auditing takes place. This Internal Audit Annual Report is part of that process, together with the Annual Governance Statement, to help inform those who have responsibility for the council's framework of risk management, control and governance processes.
- 1.2 In summary, the conclusions of this report should give our residents and councillors confidence in our processes and that the council has a good bill of health in how it works and manages risk as well as looking at ways of improving. In essence this should be seen as a very positive result and is confirmation that overall, controls and processes are working well.
- 1.3 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. A professional, independent and objective internal audit service is one of the key elements of good governance.

2. Proposals

- 2.1 The Public Sector Internal Audit Standards (PSIAS) govern internal audit within the public sector. These Standards require the Service Manager (Internal Audit) to provide an annual report to those charged with governance which includes an opinion on the adequacy and effectiveness of the council's framework of risk management, control and governance processes. The Internal Audit Annual Report at **Appendix A** gives an overview of the work carried out during the year which forms the basis of this opinion.
- 2.2 This year for the first time the annual audit opinion, included at **Appendix A**, has been split into the four constituent elements of governance, risk, internal control, and financial control, with a specific conclusion drawn on each. The intention is that this makes the opinion more transparent and informative compared to just giving one overall opinion.
- 2.3 The council recognises that fraud, theft and corruption are an ever present threat to the resources available in the public sector. The purpose of the report at **Appendix B** is to demonstrate West Suffolk's progress in developing and maintaining an anti-fraud and corruption culture and publicise the action taken where fraud or misconduct have been identified.

3. Alternative Options

- 3.1 The Public Sector Internal Audit Standards require that an annual internal audit report is provided to those charged with governance. It is also good practice to provide an annual fraud report. No alternative options were considered.

4. Consultation and engagement

4.1 These reports were produced in consultation with the Leadership Team.

5. Risks

5.1 Risks are covered within the reports at **Appendices A** and **B**.

6. Implications arising from the proposal

6.1 Any implications arising are covered at **Appendices A** and **B**.

7. Appendices

7.1 **Appendix A** – Internal Audit Annual Report 2018-19

Appendix B - Annual Fraud Report 2018-19

8. Background documents

8.1 None.