

**Report To:** Corporate Governance Committee

**Date of Meeting:** 5 June 2019

**Lead Member / Officer:** Lisa Lovegrove – Chief Internal Auditor

**Report Author:** Lisa Lovegrove – Chief Internal Auditor

**Title:** Internal Audit Annual Report 2018-19

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**1. What is the report about?**

This report provides the Committee with the Internal Audit Annual Report for 2018-19 that provides the Chief Internal Auditor's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informs the 'annual governance statement'.

**2. What is the reason for making this report?**

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to deliver an annual internal audit opinion and report that the organisation can use to inform its annual governance statement. This Committee's terms of reference require it to consider the annual report of the internal auditors.

The Accounts and Audit (Wales) Regulations 2014 require the review of governance arrangements to be reported within the authority, in the Council's case the Corporate Governance Committee, and externally with the published accounts of the authority. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor and the Chief Internal Auditor (CIA) should provide a written annual report to those charged with governance to support the AGS.

**3. What are the Recommendations?**

The Committee considers and comments on the Chief Internal Auditor's annual report and overall 'opinion'.

**4. Report details**

The Internal Audit Report 2018-19 is included as Appendix 1 and shows:

- The opinion is formed based on the internal audit work carried out during the year as per the Internal Audit Strategy which was approved by Corporate Governance Committee;
- The level of work that Internal Audit carried out to arrive at this overall 'opinion';
- The opinion does not imply that Internal Audit has reviewed all risks relating to the Council. In providing an opinion, it is vital to note that assurance cannot be absolute. The most that Internal Audit can provide is reasonable assurance that there are no major weaknesses in the system of internal control.
- The Chief Internal Auditor has provided 'medium assurance' on the overall adequacy and effectiveness of the Council's internal control environment, including its arrangements for governance and risk management;

- a summary of the counter fraud work;
- how Internal Audit complies with the PSIAS; and
- a summary of Internal Audit's performance during the year.

**5. How does the decision contribute to the Corporate Priorities?**

Not applicable - there is no decision required with this report.

**6. What will it cost and how will it affect other services?**

There are no additional costs associated with this report. Actions to ensure compliance with relevant legislation and Council policies are taken within existing budgets.

**7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report**

Not applicable - there is no decision required with this report.

**8. What consultations have been carried out with Scrutiny and others?**

Consultation with officers, Corporate Governance Committee Chair and Vice Chair and Wales Audit Office was conducted in drafting the Internal Audit Strategy.

**9. Chief Finance Officer Statement**

Not applicable - there is no decision required with this report.

**10. What risks are there and is there anything we can do to reduce them?**

An inadequate and operationally ineffective internal control system can have adverse impact on the Council's risk management processes and wider corporate governance, and, therefore, the quality of service provided.

The Public Sector Internal Audit Standards require Internal Audit to evaluate the effectiveness of risk management and contribute to the improvement of risk management processes.

**11. Power to make the Decision**

Not applicable - there is no decision required with this report.