



**Policy, Finance &  
Development  
Committee**

**22 July 2014**

**Matter for  
Information and  
Decision**

Title: **Internal Audit Annual Report 2013/14**

Author: **John Dickson, Chief Financial Officer and Section 151 Officer**

---

## **1. Introduction**

As part of the Corporate Governance arrangements the Internal Audit Report is submitted to Policy, Finance & Development Committee.

The purpose of the Internal Audit Annual Report which is attached as an Appendix, is to report the key outcomes arising from the work of Internal Audit for 2013/14 and to provide an audit opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control.

The Council's Section 151 Officer is required to maintain an adequate Internal Audit service in order to help ensure the probity of the Council's financial affairs. The Internal Audit Annual Report summarises the work completed by the Council's Internal Audit provider throughout the year which results in an assurance statement and an overall Internal Audit opinion. The overall opinion may be used by the Council in the preparation of the Annual Governance Statement.

The preparation and publication of the Annual Governance Statement in accordance with the CIPFA/SOLACE governance framework is necessary to meet the statutory requirements set out in the Accounts and Audit Regulations which set out a statutory requirement for authorities to prepare a statement of internal control in accordance with proper practices.

## **2. Recommendations**

- (1) That the report included on the audit opinion and the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control be noted.
- (2) That Members support the conclusion that the Council has an effective internal audit service.

## **3. Information**

The Internal Audit Annual Report (Appendix) provides information on the key outcomes arising from the work of the Internal Audit service for the period 1 April 2013 to 31 March 2014.

Internal Audit progress reports are presented to every meeting of the Policy, Finance & Development Committee so Members can be kept up-to-date with Internal Audit work and findings. This annual report provides an overall summary of the work undertaken for the whole year in relation to the 2013/14 approved Annual Audit Plan.

In accordance with the requirements of the Accounts and Audit Regulations 2003, 2006 and 2011, Internal Audit has a specific role within the Council's overall internal control framework and governance arrangements, including the provision of Internal Audit's opinion of the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control. The audit opinion forms part of the Council's Annual Governance Statement. This report also meets requirements to report on the review of the effectiveness of Internal Audit and to feed results into the Annual Governance Statement.

The Assurance Statement refers to the three overall areas of Council governance: Risk Management and Control, Governance and Risk Management and have been rated full or significant assurance with regards to the management of risk in these areas.

The Internal Audit opinion states that significant assurance can be given that there is a generally sound system of internal control designed to meet the organisations objectives and that controls have generally been applied consistently. However, some weakness in the design and/or inconsistent application controls could put the achievement of particular objectives at risk.

The Governance Statement notes that the overall opinion may be used by the Council in the preparation of the Annual Governance Statement. However, Internal Audit highlighted significant internal control issues that they considered would require disclosure within the Council's Annual Governance Statement. These are:

- Health and Safety
- Payroll and Expenses
- Housing Responsive Repairs.

Details of the above audits are included in the attached Appendix. Internal Audit have recently completed a follow-up audit of housing repairs. From discussions with staff and testing of processes put in place, Internal Audit were able to confirm that action has been taken to progress/embed all of the recommendations made following the audit, however there is still progress to be made, most notably in the use of the Orchard system, market testing of contractors and gas safety inspections. It is planned that Internal Audit carry out a further review following the Orchard upgrade in Quarter 2 2014/15. In reference to Gas Safety inspections Internal Audit have revisited the gas safety inspections and confirmed that the Council is 100% compliant to date.

#### 4 Legislation/Policy

Under the Local Government Act 1972 (Section 151) and the Accounts and Audit Regulations, the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby & Wigston Borough Council this responsibility is delivered by CW Audit Services. In responding to this requirement the Internal Audit service works to best practice as set out in the 2006 Code of Practice for Internal Audit in Local Government in the U.K. which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

#### 5 Relevant Considerations

There are no other relevant considerations from this report.

Email: [john.dickson@oadby-wigston.gov.uk](mailto:john.dickson@oadby-wigston.gov.uk) Tel: 0116 257 2621

#### Background Papers:-

- Agenda and Minutes from Meetings of the Policy, Finance & Development Committee 2013/14
- Accounts and Audit Regulations 2003, 2006, 2011
- Code of Practice for Internal Audit of Local Government in the U.K. 2006 (CIPFA).

Implications	
Financial	(JD) There are no financial implications arising from this report.
Risk	(JD) Relevant risks and opportunities in conjunction with this matter have been considered and are referred to in the body of the report as appropriate.
Equalities	There are no direct inclusion, diversity or community cohesion implications arising from this report.
Legal	Please see Section 4 above.

Attached to this Report as an Appendix is the CW Audit Services Oadby & Wigston Borough Council Annual Internal Audit Report 2013/14, June 2014