



**AUDIT AND RISK MANAGEMENT COMMITTEE  
12 JUNE 2017**

<b>REPORT TITLE:</b>	<b>CHIEF INTERNAL AUDITOR'S ANNUAL REPORT 2016/17</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>

**REPORT SUMMARY**

The Internal Audit Service plans and completes audits to review all relevant areas of risk. Reports, including recommendations produced following audits are presented to managers. A summary report is produced annually by the Chief Internal Auditor and an overall opinion provided as to the effectiveness of the Council's control environment.

This report presents the Chief Internal Auditors Annual Report for 2016/17.

**RECOMMENDATION**

That the report be considered by the Members.

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

- 1.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with statutory requirements to provide an adequate and effective internal audit service.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 No other options considered as this is a statutory requirement.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The Accounts and Audit Regulations require that the Section 151 Officer of a local authority "shall maintain an adequate and effective system of internal audit".
- 3.2 In order to meet the statutory requirements the Internal Audit Service has conducted audits to review the operation of the internal control systems. The work has been conducted in accordance with professional standards set by the Audit Practices Board, CIPFA and the Chartered Institute of Internal Auditors.

### **CHIEF INTERNAL AUDITORS ANNUAL REPORT 2016/17**

- 3.3 The attached Chief Internal Auditors Annual Report specifies the Internal Audit assurance opinion on key areas of the Council's activity for 2016/17.
- 3.4 The audits conducted during the year were principally planned to review the financial control systems in compliance with the requirements of the Accounts and Audit Regulations. However significant attention was also paid to key risks in the following areas:
  - Performance Management,
  - Counter Fraud and Corruption
  - Corporate Governance,
  - Risk Management,
  - ICT Systems,
  - Service Delivery.
- 3.5 The Audit Plan was compiled on a risk assessment basis that included consideration of the sensitivity and complexity of all risks identified. Client requests, systems being developed and the availability of resources were also other factors also taken into account during the year.

3.6 The Internal Audit Plan for 2016/17 was approved by this Committee in March 2016.

#### 4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

#### 5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

#### 6.0 RESOURCE IMPLICATIONS

6.1 There are none arising from this report.

#### 7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

#### 8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee are consulted throughout the process of delivering the Chief Internal Auditors Annual Report.

#### 9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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#### APPENDICES

Chief Internal Auditors Annual Report 2016/17

#### REFERENCE MATERIAL

Internal Audit Plan 2016/17

#### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee Chief Internal Auditor's	Annual Report
- Annual Report 2013/14	23 June 2014
- Annual Report 2014/15	8 June 2015
- Annual Report 2015/16	13 June 2016