

HIGH PEAK BOROUGH COUNCIL

Report to the Audit & Regulatory Committee

24th July 2019

TITLE:	2018/19 Internal Audit Periodic Report May to June 2019
EXECUTIVE COUNCILLOR:	Councillor Alan Barrow - Executive Councillor for Corporate Services and Finance
CONTACT OFFICER:	John Leak – Head of Audit
WARDS INVOLVED:	Non-Specific

Appendices Attached – Appendix 1 Audits Completed Between 1st May 2019 and 30th June 2019

1. Reason for the Report

- 1.1 The Accounts and Audit Regulations 2015 requires the Council 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”. In accordance with the Public Sector Internal Audit Standards, the Audit Manager must report periodically to the Audit Committee on the internal audit activity’s performance relative to its plan.

2. Recommendation

- 2.1 That the committee note the information contained within this report.

3. Executive Summary

- 3.1 The purpose of this report is to summarise the findings of the remaining audits undertaken by the Council’s Internal Audit service for the 2018/19 financial year. This includes the number and classification of recommendations made, agreed and where applicable, implemented by management.
- 3.2 All audit recommendations have been agreed, and to date 100% of 2018/19 audit recommendations that are due have been implemented. Where deficiencies in internal control have been identified and not corrected, Internal Audit are satisfied that they will be resolved in an appropriate manner and they will continue to monitor such cases. It should be noted that it is the responsibility of relevant Managers to implement agreed recommendations.

4. **How this report links to Corporate Priorities**

4.1 The assurance provided by the work of Internal Audit informs the Annual Governance Statement and therefore helps to confirm effective use of financial and other resources to ensure value for money.

5. **Alternative Options**

5.1 There are no options to consider.

ANDREW P STOKES
Executive Director (Transformation) and Chief Finance Officer

Web Links and Background Papers	Location	Contact details
None	N/A	John Leak Head of Audit john.leak@staffs Moorlands.gov.uk

6. Detail

6.1 Introduction

6.1.1 The purpose of this report is to summarise the findings of the remaining audits undertaken by the Council's Internal Audit service for the 2018/19 financial year. This includes the number and classification of recommendations made, agreed and where applicable, implemented by management.

6.1.2 The work of the internal audit service is primarily based upon an annual risk assessed audit plan, which for the financial year 2018/19 was agreed by this Committee at the 2nd May 2018 meeting. The Internal Audit service also carry out work outside of the audit plan for which a contingency is usually built in. This unplanned work consists mainly of internal control consultancy work and special investigations into suspected fraud and irregularity.

6.2 Audit Reports Issued

6.2.1 A summary of the audits completed during the period 1st May 2019 to 30th June 2019 is shown in the table below. Further details of these audits outlining key issues and strengths and improvements are shown in **Appendix 1**.

Service	Audit	Recommendations			Assurance
		High Risk	Medium Risk	Low Risk	
Finance & Procurement	Purchasing Cards	0	2	9	Satisfactory
Finance & Procurement	Council Tax	0	2	8	Satisfactory
Environmental Services	Pollution	0	0	15	Satisfactory
Customer Services	Housing Benefits	0	3	13	Satisfactory
Environmental Services	Housing Strategy	0	2	9	Satisfactory
Finance & Procurement	General Ledger	0	0	0	Substantial
Finance & Procurement	Payroll	0	0	8	Satisfactory
Finance & Procurement	Recovery	0	0	5	Satisfactory

6.2.2 A further breakdown of all of the audits completed during the 2018/19 financial year including the current status of audit recommendations is detailed in the Annual Report later on this agenda. All audit recommendations have been agreed, and to date 100% of 2018/19 audit recommendations that are due have been implemented. Where deficiencies in internal control have been identified and not corrected, Internal Audit are satisfied that they will be resolved in an appropriate manner and they will continue to monitor such cases. It should be noted that it is the responsibility of relevant Managers to implement agreed recommendations.

6.2.3 Councillors will note that in addition to every individual audit recommendation being allocated a risk, every audit completed has been given an ‘assurance opinion’ based upon Internal Audit’s assessment of the internal control environment. These assurance opinions inform the annual audit opinion on the overall adequacy and effectiveness of the Council’s internal control environment. The control levels are defined as follows:

Control Level	Definition
Substantial	There is a robust framework of controls designed to achieve the objectives and controls are consistently applied.
Satisfactory	There is a sufficient framework of controls which for the most part, are consistently applied. However, weakness in the design or inconsistent application of controls within a few areas put achievement of particular objectives at risk.
Limited	Weaknesses in the system or the level of non compliance with controls in a number of areas are such to put the system objectives at risk.
Unsatisfactory	There is a significant breakdown in the framework of controls, which leaves the system open to significant abuse or error.