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**INTERNAL AUDIT ANNUAL REPORT 2015-16**

**REPORT OF THE HEAD OF FINANCE**

**AGENDA ITEM: 9.2**

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**Appendices C & D of the attached report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**

**Reason for this Report**

1. The Audit Committee Terms of Reference sets out their responsibility for Governance, Risk & Control and also Financial Reporting. This report allows the Committee to be updated with reference to the above.
2. At the end of each financial year a report is prepared setting out the work undertaken by the Internal Audit Section over the past 12 months. This is shared with the Section 151 Officer and Audit Committee.

**Background**

3. The Annual Internal Audit Strategy/Plan for 2015-16 was reported to the Audit Committee 23 March 2015, outlining the work plan for the Audit Section, providing a yardstick by which performance could be measured.
4. Each quarter a progress report has been prepared for the Corporate Director Resources which outlines the work undertaken by Internal Audit and measures progress against the Plan. This provided an opportunity to discuss and review work undertaken and prioritise high risk assignments. These reports also provided feedback on some key performance indicators, client feedback and other initiatives with which Audit are engaged. During 2015-16 these reports were presented to Audit Committee at each meeting.
5. At the end of each financial year a report is prepared providing an overview of the approach adopted to audit assignments, and details the work undertaken by the various Audit teams over the past 12 months.

**Issues**

6. The report for the financial year 2015 -16 is attached at Annex 1.
7. A key feature of this report is where the Audit Manager, in compliance with the Public Sector Internal Audit Standard (PSIAS) has provided an opinion following an assessment of the effectiveness of the control environment and risk and

governance arrangements within the Council, based on the work of the Audit teams.

8. The Audit and Risk Manager retired at the end of March 2016 and, during this quarter, the section has been reporting directly to the Head of Finance. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is maintained as the Head of Finance reports functionally to the Audit Committee for all audit-related matters. The Head of Finance reports administratively and otherwise professionally to the Corporate Director, Resources.
9. In addition to an overview of work undertaken and its outcomes, the report also provides information on the Section that covers the period of the past 12 months and some useful performance monitoring information in relation to client interaction and feedback.

### **Reasons for Recommendations**

10. To provide Audit Committee Members with an overview of Internal Audit activity during 2015-16.

### **Legal Implications**

11. There are no direct legal implications arising from this report.

### **Financial Implications**

12. There are no direct financial implications arising from this report.

### **RECOMMENDATIONS**

13. That the Committee note the report.

**IAN ALLWOOD**  
Head of Finance  
27 June 2016

The following Annex is attached:

Annex 1 - Internal Audit Annual Report, 2015-16