

NON EXEMPT

HAVANT BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

21 June 2017

ANNUAL INTERNAL AUDIT REPORT AND OPINION 2016-17

Head of Southern Internal Audit Partnership

ITEM NO. 6

FOR DECISION

Key Decision: No

1.0 Purpose of Report

1.1 The purpose of this paper is to provide the Governance and Audit Committee with the Chief Internal Auditor's opinion on the adequacy and effectiveness of the Council's framework of risk management, internal control and governance for the year ending 31 March 2017.

2.0 Recommendation

2.1 That the Governance and Audit Committee approve the Chief Internal Auditor's annual report and opinion for 2016/17.

3.0 Summary

3.1 In accordance with proper internal audit practices, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of the system of internal control to inform the production of the Annual Governance Statement.

3.2 The Annual Report for 2016/17 (attached at Appendix 1) provides the Chief Internal Auditor's opinion on the adequacy and effectiveness the Council's framework of risk management, control and governance processes and summarises audit work from which that opinion is derived for the year ending 31 March 2017.

3.3 The Governance and Audit Committee's attention is drawn to the following points:

- Internal audit was compliant with the Public Sector Internal Audit Standards during 2016/17;
- The revised internal audit plan for 2016/17 has been substantially delivered;
- The Council's framework of governance, risk management and management control is considered to be 'Adequate' and audit testing has demonstrated controls to be working in practice; and

- Where internal audit work identified areas where management controls could be improved or where systems and laid down procedures were not fully followed, appropriate corrective actions and a timescale for improvement were agreed with the responsible managers.

4.0 Implications

4.1 Resources:

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consisted of 380 audit days and remained fluid throughout the year to meet the changing needs of the Council.

4.2 Legal:

Compliance with the Accounts and Audit (England) Regulations 2015.

4.3 Strategy:

Internal audit plays a vital role in helping the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.4 Risks:

The audit needs assessment follows a risk based audit approach taking cognisance of the Council's risk register.

4.5 Communications:

None directly from this report.

4.6 Customers & Community:

None directly from this report although improvements to controls and governance arrangements will ensure more efficient and effective service delivery.

4.7 Integrated Impact Assessment (IIA):

n/a

5.0 Consultation

- 5.1** The report has been discussed and noted by the Management Team who met at the Executive Board on 30 May 2017.

Appendices:

Appendix 1 – Annual Internal Audit Report and Opinion 2016/17

Agreed and signed off by:

Legal Services: Abe Ezekiel – 2 June 2017

Finance: Craig Smith – 7 June 2017

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