

Agenda Item 9.

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| TITLE | Annual Internal Audit & Investigations Report 2019-20 |
| FOR CONSIDERATION BY | Audit Committee on 29 July 2020 |
| WARD | None Specific |
| DIRECTOR | Deputy Chief Executive & Director of Resources and Assets - Graham Ebers |

OUTCOME / BENEFITS TO THE COMMUNITY

Public assurance with regards to the Council's risk, control and governance environment.

RECOMMENDATION

The Audit Committee is asked to receive and note this report as a source of independent assurance regarding the risk, control and governance environment across the Council, noting the outcomes from 2019-20 Internal Audit and Investigations work and the resultant '**Substantially Complete and Generally Effective**' opinion to the Annual Governance Statement.

SUMMARY OF REPORT

This annual report details:-

- The overall outcomes and key themes from Internal Audit and Investigations work undertaken during 2019-20;
- The translation of these outcomes to the resultant annual opinion on the Council's systems of governance, risk management and internal control that is incorporated into the Annual Governance Statement;
- The related performance of the Internal Audit and Investigations service in delivering this work.

Background

- 1.1 Public Sector Internal Audit Standards (PSIAS) require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:
- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework;
 - A summary of the audit work from which the opinion is derived;
 - Any issue the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
 - A comparison of the work undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and criteria;
 - A statement on conformance with the PSIAS and the result of the Internal Audit Quality Assurance and Improvement Programme;
 - Disclosure of any qualifications to the opinion, together with the reasons for the qualification; and
 - Disclosure of any impairments (in fact or appearance) or restriction in scope.
- 1.2 Accordingly, the Internal Audit Annual Report is prepared and submitted to both the Audit Committee. Additionally, in year update reports have periodically been provided to the Committee detailing key issues arising throughout the year.
- 1.3 The Annual Report includes the following components:
- Purpose and Background;
 - Head of Internal Audit Annual Opinion and key headlines;
 - Areas of risk exposure;
 - Internal Audit service performance and contribution;
 - Counter Fraud;
 - Conformance with PSIAS; and
 - Context and compliance
- 1.4 The issues detailed in the attached report have been considered in the formulation of the draft Annual Governance Statement for 2019-20 which can be found elsewhere on this agenda.
- 1.5 The Audit Committee's Terms of Reference include ensuring that Internal Audit is effective. Section 4 of the Annual Report sets out performance information to enable the Committee to continually assess and consider the effectiveness of Internal Audit.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £0 | Yes | Revenue |
| Next Financial Year (Year 2) | £0 | Yes | Revenue |
| Following Financial Year (Year 3) | £0 | Yes | Revenue |

Other financial information relevant to the Recommendation/Decision

An effective internal audit and investigations function mitigates financial and other risks associated with the Council achieving its objectives.

Cross-Council Implications

Internal Audit works across all areas of the Council – effective internal audit is one of the ways assurance is provided that the Council’s key priorities and objectives will be achieved.

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

Annual Internal Audit & Investigations Report 2019-20

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