

## **AUDIT AND GOVERNANCE COMMITTEE**

### **29 JULY 2019**

## **INTERNAL AUDIT ANNUAL REPORT 2018/19**

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### **Recommendation**

- 1. The Chief Financial Officer recommends that the Internal Audit Annual Report 2018/19 set out in the Appendix is endorsed.**

### **Background**

2. Internal Audit is required by professional standards to provide a written annual report. The content of the report is prescribed by mandatory codes of practice which specifically require the report to provide an opinion on the overall adequacy and effectiveness of the Authority's governance, risk and control framework.

3. The Annual Internal Audit Report was written and prepared under the former arrangement with Warwickshire CC by Garry Rollason as Chief Internal Auditor, and Jackie Sparkes, Engagement Manager. Both auditors have now retired from their respective authorities and will not be able to attend the meeting. I would like to express my thanks and gratitude to both for their service and hard work.

4. Worcestershire County Council has now appointed a Chief Internal Auditor to lead the in-sourced function from 2019/20 – that is Jenni Morris an internal candidate known to the Committee. Jenni will attend the Committee and will take up the role from 1 August 2019, however she will be able to provide assurances regarding the Annual Report appended.

5. The detailed report is attached for consideration by the Committee. It summarises all audits undertaken during the year, some of which have been included in previous reports to the Committee. The report also provides the following opinion on the overall adequacy of the Council's system of internal control:

*"Based upon the results of work undertaken during the year my opinion is that the Authority's control environment provides **moderate** assurance that the significant risks facing the Authority are addressed"*

6. That is the same opinion as the previous year and is recognised in the Council's Annual Governance Statement considered elsewhere on the agenda papers.

7. Overall there has been improvement in the control environment with 50% of audits being adjudged as substantial assurance under Internal Audit's assessment marking. As such there were fewer moderate or limited opinions as shown in the pie charts on the fourth page of the Annual Report.

8. At the time the opinion was given in early April 2019 there were four reports / audits to be completed. The update report also on this agenda identifies these as being now complete and audit reports are at various stages of issue.

9. The report identifies that 76% of recommendations raised have been implemented

## **Conclusion**

10. The requirements of auditing professional standards that an annual report be presented to those charged with governance is discharged through this report and it identifies that the Council's overall control environment is moderate, which is in line with previous years' judgements.

## **Contact Points**

### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

### Specific Contact Points for this report

Michael Hudson, Chief Financial Officer

Tel: 01905 845560

Email: mhudson@worcestershire.gov.uk

## **Supporting Information**

- **Appendix - Internal Audit Annual Report 2018/19 - Please note Appendix D of the report is exempt and should members wish to discuss the information included in this Appendix they would need to consider passing the appropriate resolution and moving into exempt session.**

## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.