

## **A11. Internal Audit Annual Assurance Report 2018/19**

The Committee considered a report by the Internal Audit Manager presenting the Annual Assurance report for 2017/18.

In regard to the Internal Audit plan for 2018/19, 23 main assignments had been agreed. In the course of a year a further 2 had been added, (Carbon Reduction Commitment Energy Efficient Scheme and LEADER), with 2 deferred (Cyber Security and Welfare Reform). Of the 3 key performance indicators for the Internal Audit function all had exceeded or met targets. On the basis of the work undertaken in 2018/19 Internal Audit had provided substantial assurance in relation to the Council's arrangements for risk management, governance and control for the year to 31 March 2019.

Following questions the Internal Audit Manager gave further detail on the findings on an audit of stores (street lighting/blacksmiths) which had been awarded limited assurance. The audit had found, in particular, that there was a lack of clarity over the volume and value of stock held with no physical stock counts being undertaken. These would be a follow up inspection to determine the materiality of the findings.

The Committee discussed the National Fraud Initiative exercise and in particular errors found in regard to wrongly claimed Council Tax Single Persons Discounts (which had amounted to £47k since December 2018). The Internal Audit Manager explained that the ones lay with the public to advise the Council of eligibility changes. However the Council did write to claimants to determine if their circumstances had changed. Mr O' Connor explained that the findings had been identified as part of a data matching exercise. Following further discussion and questions he undertook to provide the committee with detail on the process which follows the first continued letter.

The committee then considered the findings of the audit of building security and expressed concern that only limited assurance had been awarded. Members noted that unnamed visits had taken place at buildings in which vulnerable people had been located or where Council vehicles had been located. The Internal Audit Manager explained that action plans had been put in place with the buildings in question and that follow up visits were being carried out. The Head of Planning and Resources explained Children's Services response to the findings, confirming that advice had been circulated to all Head Teachers and faculties' staff.

The committee returned to the audit of stores and sought clarification on the finding that 'three written quotations are not always obtained for purchases in excess of £1k'. The Internal Audit Manager explained that it was a requirement of Financial Regulations that 3 quotes are obtained in respect of orders which exceed £3k. The audit looked at the extent to which \* were in place, a follow up would consider the materiality.

Following a question on the total number of audit recommendations in 2018/19 and the number of outstanding actions the Internal Audit Manager confirmed that around 25 actions were outstanding. It was his intention to provide a report to the next meeting.

## **Decision**

### **The Audit Committee noted:-**

- (1) that sufficient Internal Audit work was undertaken to support a balanced assurance;**
- (2) that Internal Audit can provide SUBSTANTIAL assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2019;**
- (3) that Internal Audit met, or exceeded, each of its Key Performance Indicators; and**
- (4) that the Internal Audit section is broadly compliant with Public Sector Internal Audit Standards.**