

21 July 2020

Agenda Item:

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

HEAD OF INTERNAL AUDIT'S ANNUAL REPORT FOR 2019/20

Purpose of the Report

1. To inform Members of the Head of Internal Audit's Annual Report for 2019/20 and his opinion on the adequacy of the County Council's arrangements for governance, risk management and control.

Information

2. The Internal Audit Service worked to the Public Sector Internal Audit Standards (PSIAS) during 2019/20. One requirement of the standards is that the Head of Internal Audit should provide an annual, written report to those charged with governance. The report must:
 - a) deliver an annual internal audit opinion
 - b) conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
 - c) incorporate the opinion, a summary of the work that supports that opinion, and a statement on conformance with PSIAS and the results of the quality assurance and improvement programme.
3. The Annual Report for 2019/20 is set out in **Appendix 1**. Key points to note are the following:
 - a) Internal Audit complied with the Public Sector Internal Audit Standards throughout the year and continued to operate independently
 - b) Internal Audit's work contributed to the objectives of the Council and delivered beneficial impacts for the citizens of Nottinghamshire and the direct users of the County Council's services
 - c) The Group Manager – Assurance has provided his opinion on the arrangements in the Council for governance, risk management and control:

Governance



REASONABLE ASSURANCE

- Good evidence supporting the Annual Governance Statement
- Assurance from a range of external inspectors
- Governance framework amended to adapt to Covid19

Risk Management



REASONABLE ASSURANCE

- Corporate risk management structure remained in place
- Lack of assurance delivered to Governance & Ethics Committee
- Governance Action Plan items outstanding

Control



REASONABLE ASSURANCE

- Predominantly 'reasonable assurance' delivered from audit assurance work
- Delays with implementing Priority 1 actions

Other Options Considered

4. The Internal Audit Section is working to the Public Sector Internal Audit Standards. This report meets the requirement of the standards to submit an Annual Report by the Head of Internal Audit to the appropriate governance forum. No other option was considered.

Reason/s for Recommendation/s

5. To set out the Head of Internal Audit's Annual Report for 2019/20, providing Members with the opportunity to comment on its content and to make suggestions for future audit coverage.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

The Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director for Finance, Infrastructure & Improvement is the designated Section 151 officer within Nottinghamshire County Council. Section 6 of the Accounts and Audit Regulations 2011 requires Local Authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director for Finance, Infrastructure & Improvement and Section 151 Officer.

RECOMMENDATION/S

- 1) Arising from the content of this report, Members determine whether they wish to see any actions put in place or follow-up reports brought to a future meeting.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact:

Rob Disney

Group Manager - Assurance

Constitutional Comments (GR 24/06/2020)

7. Pursuant to Nottinghamshire County Council's constitution this report and the recommendation contained within it fall within the scheme of delegation to this committee.

Financial Comments (SES 23/06/2020)

8. The financial implications are set out in paragraph 6 of the report which states that the Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director for Finance, Infrastructure & Improvement is the designated Section 151 officer within Nottinghamshire County Council. Section 6 of the Accounts and Audit Regulations 2011 requires Local Authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director for Finance, Infrastructure & Improvement and Section 151 Officer.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All