



**REPORT OF SERVICE DIRECTOR - FINANCE, PROCUREMENT AND
IMPROVEMENT**

INTERNAL AUDIT ANNUAL REPORT – 2015/16

Purpose of the Report

1. To inform Members of the Head of Internal Audit's Annual Report on the work carried out by Internal Audit in 2015/16, and based on this work, his opinion on the adequacy of the County Council's internal control environment.

Information and Advice

2. The Authority has a statutory responsibility to undertake an adequate and effective internal audit of the County Council's operations. This responsibility is discharged by the Internal Audit Service which has unrestricted access to all activities undertaken by the County Council.
3. The Audit Service worked to the Public Sector Internal Audit Standards during 2015/16. One requirement of the Code 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 that can be used by the organisation to inform its governance statement
 - 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 the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
4. The Head of Internal Audit has set out the work completed during 2015/16, provided an analysis of the Audit Opinions reached in individual audits during the year, identified all those reports where the Opinion was that the level of internal control was for limited assurance, and come to a conclusion on the overall system of internal control.
5. The Head of Internal Audit's conclusion is that the **overall system of internal control was satisfactory during 2015/16.**
6. The Annual Report also sets out an analysis of the Audit Section's performance during 2015/16. Resource issues hampered the service's progress during the year, and action is being taken to resolve these for delivery of the 2016/17 Audit Plan. Despite these challenges,

the work completed continues to be carried out in compliance with the required standards, and clients continue to respond well to the recommendations made and to the audit approach.

Other Options Considered

7. The Audit Section worked to the Public Sector Internal Audit Standards during 2015/16. This report meets the requirement of the Standards to provide an Annual Report. No other option was considered.

Reason/s for Recommendation/s

8. To set out the Annual Report of the Head of Internal Audit for 2015/16.

Statutory and Policy Implications

9. 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 – Finance and Procurement 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 - Finance and Procurement.
10. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That Members note the Head of Internal Audit's Annual Report for 2015/16 and comment accordingly.

Nigel Stevenson
Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:

Rob Disney
Head of Internal Audit

Constitutional Comments (SLB 09/05/2016)

11. Audit Committee is the appropriate body to consider the content of this report.

Financial Comments (SES 06/05/16)

12. There are no specific financial implications arising directly from this report.

Background Papers.

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:

- The Audit Reports set out in Appendix 2 of the Annual Report are available as background papers.

Electoral Division(s) and Member(s) Affected

- All