

AUDIT COMMITTEE	AGENDA ITEM No. 7
29 JULY 2021	PUBLIC REPORT

Report of:	Peter Carpenter, Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Coles, Cabinet Member for Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

ANNUAL INTERNAL AUDIT OPINION 2020 / 2021

R E C O M M E N D A T I O N S	
FROM: Peter Carpenter, Director of Corporate Resources	Deadline date: N/A
<p>The Audit Committee is asked to:</p> <ol style="list-style-type: none"> 1. Receive, consider, provide challenge to and endorse the attached Chief Internal Auditor's annual report for the year ended 31 March 2021. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee and provides details of the performance of Internal Audit during 2020 / 2021 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the council.

2. PURPOSE AND REASON FOR REPORT

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out key roles of the Committee including the following

2.2.1.1 "To consider the annual report and opinion internal audit activity and the level of assurance it can give over the Council's corporate governance arrangements."

2.2 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the Council. It is based on the findings of completed audits and activities undertaken by the Internal Audit Team during 2020 / 2021.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

4.1 The Internal Audit Opinion is based on review work undertaken during the period April 2020 to March 2021 and is set out in the attached **Appendix A**.

4.2 In preparing the opinion, the Chief Internal Auditor has reviewed all audit activities carried out

relating to 2020 / 2021. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified. Where systems have fallen below expected standards, details of these have been identified within the report as an executive summary. Furthermore, ongoing internal performance indicators are monitored and their level of achievement, or otherwise, are included for information purposes.

- 4.3 The report highlights three key areas particularly relevant to the preparation of the Annual Governance Statement, which are:
- Cyber Security & Disaster Recovery
 - Fraud Risks
 - IT Asset Management

Details of our opinions in these areas can be found in Appendix A.

- 4.4 The overall conclusion based on our work is that Peterborough City Council has a sound governance framework from which those charged with Governance can gain **reasonable assurance**. Internal Audit has made a number of recommendations to further improve the systems of control and the organisation is actively working to make improvements in these areas. The pandemic has impacted on the capacity of the Internal Audit team, reducing the quantity and coverage of audit reviews. However, consultancy work in relation to changes to business as usual systems and new initiatives has enabled sufficient coverage of the key risks in 2020 / 21 to provide assurance. However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

5. CONSULTATION

- 5.1 Summary committee reports are produced and discussed periodically through Audit Committee for information and challenge. All audit reports are issued to the appropriate Head(s) of Service for action, Executive Directors, Chief Executive, Leader of the Council and the Chair of Audit Committee in accordance with the agreed Audit Charter (last approved by Audit Committee March 2021).

The Annual Audit Opinion is issued to our External Auditors as part of their programme of works to review and close the accounts.

The Annual Audit Opinion has been circulated to Corporate Management Team.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That the Audit Committee is informed of the Internal Audit Opinion and the work carried out by Internal Audit to support this.

7. REASON FOR THE RECOMMENDATION

- 7.1 In accordance with the Accounts and Audit Regulations 2015, the CIPFA Code of Practice for Internal Audit in Local Government 2006 and the Public Sector Internal Audit Standards (2017), this report summarises the work of the Internal Audit section and its outcomes relating to the review of internal control for the last financial year. This is incorporated with the results of other reviews to produce the required Annual Governance Statement.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Public Sector Internal Audit Standards require that an annual report reviewing the activities undertaken of Internal Audit along with the overall opinion of the organisations control environment is produced and presented to the Audit Committee. There are therefore no other options considered as appropriate.

9. IMPLICATIONS

Financial Implications

9.1 None

Legal Implications

9.2 There would be a legal implication if an Internal Audit service was not provided for, and if mechanisms were not in place to carry out a review of internal control, governance and risk management as a basis for the Annual Governance Statement.

Equalities Implications

9.3 None

10. BACKGROUND DOCUMENTS

10.1 Internal Audit Plan 2020 / 21 (Audit Committee – July 2020)
Internal Audit mid-year Progress Report 2020 / 21 (Audit Committee – November 2020)
Internal Audit Reports

11. APPENDICES

11.1 A – Head of Internal Audit Annual Opinion

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