

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Audit & Risk Manager (Audit Lincolnshire) and Finance Manager (SHDC)

To: Governance & Audit Committee – 25 June 2015

(Author: Lucy Pledge – Head of Audit & Risk Management – Audit Lincolnshire
Mark Finch – Finance Manager - SHDC)

Subject: Annual Internal Audit Report

Purpose: To provide the Committee with the Head of Audit's Annual Internal Audit Report

Recommendations:

- 1) That the Committee considers the Head of Audit's Annual Report and Opinion for 2014/15 and identifies any actions it requires; and
- 2) That the Committee considers this Annual Report when scrutinising the Annual Governance Statement

1.0 BACKGROUND AND KEY MESSAGES

- 1.1 Internal Audit produce an Annual Internal Audit Report, in line with best practice which summarises audit work during the year and provides an opinion on the governance, risk and control environment.
- 1.2 Overall, our opinion in the four areas was a mix of green and amber assurance, which indicates performing adequately with some improvements required.
- 1.3 The Annual Internal Audit Report of South Holland District Council aims to present a summary of the audit work undertaken over the past year. In particular:
 - Include an opinion on the overall adequacy of and effectiveness of the governance framework and internal control system and the extent to which the Council can rely on it;
 - Inform how the plan was discharged and of overall outcomes of the work undertaken;
 - Draw attention to any issues particularly relevant to the Annual Governance Statement.

2.0 OPTIONS

- 2.1 That the Committee considers the Head of Audit's Annual Report and Opinion for 2014/15 and identifies any actions it requires; and
- 2.2 That the Committee considers this Annual Report when scrutinising the Annual Governance Statement.

3.0 **REASONS FOR RECOMMENDATIONS**

3.1 To ensure compliance with best practice and meet the Committee's Terms of Reference.

4.0 **EXPECTED BENEFITS**

4.1 To meet the Audit Committee's Terms of Reference in monitoring the work of Internal Audit.

5.0 **IMPLICATIONS**

5.1 **Carbon Footprint / Environmental Issues**

5.1.1 It is the opinion of the report author that there are no direct Carbon Footprint / Environmental issue implications.

5.2 **Constitution & Legal**

5.2.1 The progress report forms part of the Committee's agreed Work Plan, and is linked to the Accounts and Audit Regulations 2015 requirement to undertake an effective internal audit.

5.3 **Contracts**

5.3.1 It is the opinion of the report author that there are no direct Contract implications. However, it should be noted that Contract Management is an area to be audited as part of the Internal Audit Plan and Schedule for 2015/16.

5.4 **Corporate Priorities**

5.4.1 It is the opinion of the report author that there are no direct Corporate Priority implications. However, some areas that have been, or in the future will be audited, have links to SHDC's Corporate Priorities.

5.5 **Crime and Disorder**

5.5.1 It is the opinion of the report author that there are no direct Crime and Disorder implications.

5.6 **Equality and Diversity / Human Rights**

5.6.1 It is the opinion of the report author that there are no direct Equality and Diversity/Human Rights implications. However, there could be some impact as a result of any recommendations arising from the process or individual audits. Any Equality and Diversity /Human Rights issues arising will be taken into consideration.

5.7 **Financial**

5.7.1 It is the opinion of the report author that there are no direct Financial implications. However, reviews and assessments of financial processes form a significant part of the Internal Audit Plan. Internal Audit's work provides an important assurance element to support the External Auditor's opinion of the Council's Statement of Accounts.

5.8 Risk Management

- 5.8.1 Internal Audit undertakes work under an agreed Audit Plan to ensure that the Council has sound processes in place.
- 5.8.2 Their critical review or assessment of activities establishes the situation with the Authority regarding service delivery arrangements, management of risks and the operation of controls and/or performance.

5.9 Staffing

- 5.9.1 It is the opinion of the report author that there are no direct Staffing implications. However, there could be some impact as a result of any recommendations arising from the process or individual audits. Any Staffing issues arising will be taken into consideration.

5.10 Stakeholders / Consultation / Timescales

- 5.10.1 It is the opinion of the report author that there are no direct Stakeholder / Consultation / Timescale implications.

6.0 WARDS/COMMUNITIES AFFECTED

- 6.1 No wards/communities are affected.

7.0 ACRONYMS

- 7.1 None.

Background papers:- None

Lead Contact Officer

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Director / Officer who will be attending the Meeting:

Lucy Pledge – Head of Audit & Risk Management – Audit Lincolnshire;
John Scott – Audit Manager, Audit Lincolnshire
Mark Finch – Assistant Director, Finance

Key Decision: No

Exempt Decision: No

Appendices attached to this report:

Appendix 1 – Annual Internal Audit Report 2014/15