



Report of: **Head of Internal Audit**

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	20th September 2016		

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## **SUBJECT: Internal Audit Annual Report 2015/16**

### **1. Synopsis**

- 1.1. The provision of a continuous internal audit service assists the Council in providing assurance on the control environment that supports the delivery of the Council's Strategy.
- 1.2. This report summarises the work that Internal Audit has undertaken during the financial year 2015/16, identifies the key themes that we have identified across the authority, and also highlights how responsive management have been in implementing recommendations.
- 1.3. In addition, the outcome of Internal Audit's External Quality Assessment is attached at Appendix D.

### **2. Recommendations**

- 2.1. To note the content of this report and the information provided in Appendices A to D

### **3. Background**

- 3.1. The Internal Audit Programme for 2015/16 (Annual Plan) was approved by Audit Committee in March 2015. The findings from the execution of that work programme are attached as Appendix A.
- 3.2. The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit provides an annual audit opinion and report that can be used by the organisation to inform its governance

statement. As such, this report also presents the annual opinion in respect of the adequacy and effectiveness of the organisation's system of internal control, risk management and governance.

- 3.3. This report summarises the work that Internal Audit has undertaken during the financial year 2015/16 and provides details on the high risk and priority issues which could impact on the effectiveness of the internal control environment across the Authority. The Internal Audit Charter is also included at Appendix C.
- 3.4. The PSIAS requires an External Quality Assessment (EQA) to be carried out at least once every five years by a qualified independent assessor from outside the organisation. The aim of the EQA is not just to measure compliance with the PSIAS but also to drive continuous improvement, value and effectiveness of internal audit. The Camden and Islington Shared Audit Service received an EQA carried out by Ian Withers, Audit Manager at Croydon Council in June 2016 and this included a review of a wide range of documentary evidence, responses from a customer survey and interviews with key stakeholders including the Chair of the Audit Committee, Chief Executive and Section 151 Officer. The detailed results are in the attached report at Appendix D.

## **4. Implications**

### **4.1. Financial implications**

There are no specific financial implications associated with this report. The financial implications of individual audit and investigation reports are discussed with managers through the audit reporting protocols

### **4.2. Legal Implications**

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must: *'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'*. The standards for 'proper practices' in relation to internal audit, are laid down in the Public Sector Internal Audit Standards 2013.

### **4.3. Resident Impact Assessments**

There are no direct Resident Impact Assessment implications arising from the recommendations in this report.

## **5. Conclusion and reasons for recommendations**

This report indicates the level of work being undertaken by Internal Audit in order to provide assurance over Islington's control environment.

## **Appendices**

Appendix A: Internal Audit Annual Report 2015/16

Appendix B: Definitions

Appendix C: Internal Audit Charter

Appendix D: External Quality Assessment Final Report

Final Report Clearance

**Signed by**

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Corporate Director of Finance

Date

**Received by**

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Head of Democratic Services

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Date

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