

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

25th June 2015

REPORT OF THE CHIEF INTERNAL AUDITOR

ANNUAL OPINION REPORT OF THE HEAD OF INTERNAL AUDIT FOR THE PERIOD APRIL 2014 TO MARCH 2015

1. Purpose of Report.

1. To present to members of the Committee the Chief Internal Auditor as the Head of Internal Audit's annual opinion on the overall adequacy of the Council's internal control environment.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

- 2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other corporate priorities and without an audit assurance any assessment is incomplete.

3. Background

- 3.1 This report gives a brief description of the role of Internal Audit, the control environment within which Internal Audit operates and also provides a summary of work carried out during the period April 2014 to March 2015. A statement of overall opinion on the internal control environment is also given in support of the Annual Governance Statement which the Council is required to include with the Statement of Accounts.
- 3.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resources.
- 3.3 The control environment comprises the organisation's policies, procedures and operations in place to:
 - Establish and monitor the achievement of the organisation's objectives;
 - Identify, assess and manage the risks to achieving the organisation's objectives;
 - Facilitate policy and decision making;
 - Ensure the economical, effective and efficient use of resources;
 - Ensure compliance with established policies, procedures, laws and regulations;
 - Safeguard the organisation's assets and interests from losses of all kind, including those arising from fraud, irregularity or corruption.
- 3.4 One of the main aims of the Section is to provide assurance on the Council's overall system of internal control. This is achieved in part through delivery of the Annual Audit Plan which is designed to address:

- Requirements of the Audit Committee;
- Delivery of a scheduled programme of audits on a risk based needs assessment, identified through consultation with service managers;
- Support the Section 151 Officer in discharging their statutory duties.

4. Current situation / proposal

4.1 Attached at **Appendix A** and **B** is a detailed report (including the outturn for April 2014 to March 2015) on the work undertaken by Internal Audit during this period. The purpose of this report is to satisfy the requirements of the Accounts and Audit (Wales) Regulations 2014 as amended and the Head of Internal Audit's annual reporting requirements set out in the Public Sector Internal Audit Standards. The Standards specify that the following information should be forthcoming:

- Include an opinion on the overall adequacy and effectiveness of the organisation's control environment;
- Disclose any qualifications to that opinion, together with the reasons for the qualification;
- Present a summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies;
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- Compare the actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets;
- Comment on compliance with the Standards;
- Communicate the results of the internal audit quality assurance programme.

4.2 The opinion contained within the report relates to the system of internal control at the Council and the overall control environment in place. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate / service policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

4.3 On the basis of internal audit work undertaken during the period April 2014 to March 2015 and taking into account all available evidence, it is the opinion of the Head of Internal Audit that a satisfactory assurance level can be applied to standards of internal control at Bridgend CBC for the period stated.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1. There are no equality issues.

7. Financial Implications.

7.1. None

8. Recommendation.

- 8.1. That Members give due consideration to the Head of Internal Audit's Annual Opinion covering the period April 2014 to March 2015 to ensure that all aspects of their core functions are being adequately reported.

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25th June 2015

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Background Documents

None