

<b>Committee:</b> Audit and Scrutiny Committee	<b>Date:</b> 28 July 2020
<b>Subject:</b> Internal Audit Annual Report 2019-20	<b>Wards Affected:</b> all
<b>Report of:</b> Jacqueline Van Mellaerts, Director of Corporate Resources	<b>Public</b>
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### Summary

This report is intended to inform the Audit and Scrutiny Committee of the annual internal audit opinion.

Overall, we provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

### Recommendation(s)

**Members are asked to:**

**R1. That the Committee receives and notes the contents of the Internal Audit Annual Report attached in Appendix A.**

### **Introduction and Background**

1. This report is intended to inform the Audit and Scrutiny Committee of the overall results of our 2019-20 internal audit plan. It summarises our assessment of the systems reviewed and the recommendations raised.
2. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the

risk management and internal control processes in place to mitigate the risks identified.

3. The Audit Committee approved the 2019/20 annual audit plan in March 2019. The progress against plan is reported at every Audit and Scrutiny Committee during 2019-20.

### **Issue, Options and Analysis of Options**

4. Overall we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.
5. In forming our view we have taken into account that:
  - The Council has performed broadly in line with budget regarding financial performance. It has demonstrated sound financial management, as evidenced by our substantial assurance opinion provided on the financial planning and monitoring audit in respect of the design and operational effectiveness of controls. A substantial assurance opinion was also provided on the design of controls within treasury management and moderate assurance opinions were provided in respect of the operating effectiveness of controls in the main accounting systems and treasury management.
  - In respect of the design of the controls, substantial assurance was provided in seven out of eleven assurance audits and moderate assurance opinions were provided in four areas. These opinions are an improvement compared with 2018-19 (see page 12).
  - In respect of the operational effectiveness of the controls, an opinion of moderate assurance was provided for five of the eleven assurance audits, and substantial assurance was provided in six areas, with no limited assurances. These opinions are an improvement compared with 2018-19 (see page 12).
  - Management has responded positively to reports issued and action plans have been developed to address the recommendations raised.
  - We have confirmed that 94% of recommendations due for implementation by the date of reporting had been completed, which is a significant increase compared to the prior year.
  - Overall, therefore, we are pleased to note an improvement in the control environment compared to last year and while we note on page 14 some themes for further improvement, the Council has done well to enhance controls in a challenging financial environment.

### **Reasons for Recommendation**

10. To review the overall results of work against the internal audit plan

## **Consultation**

11. Not applicable.

## **References to Corporate Plan**

12. Good financial management underpins all priorities within the Corporate Plan.

## **Implications**

### **Financial Implications**

**Name/Title: Jacqueline Van Mellaerts, Director of Corporate Resources**

**Tel/Email: 01277 312500/[jacqueline.vanmellaerts@brentwood.gov.uk](mailto:jacqueline.vanmellaerts@brentwood.gov.uk)**

13. There are no direct financial implications arising from this report.

### **Legal Implications**

**Name & Title: Amanda Julian, Director of Law & Governance**

**Tel & Email: 01277 312500/[amanda.julian@brentwood.gov.uk](mailto:amanda.julian@brentwood.gov.uk)**

14. There are no legal implications arising from this report.

### **Economic Implications**

**Name/Title: Phil Drane, Director of Strategic Planning**

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15. There are no economic implications arising from this report.

## **Background Papers**

16. None

## **Appendices to this report**

17. Appendix A – Internal Audit Annual report 2019-20