

	<p>Audit Committee 17th July 2018</p>
<p style="text-align: right;">Title</p>	<p>Annual Internal Audit Opinion 2017-18</p>
<p style="text-align: right;">Report of</p>	<p>Caroline Glitre – Head of Internal Audit</p>
<p style="text-align: right;">Wards</p>	<p>Not applicable</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix - Annual Internal Audit Opinion 2017-18</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721</p>

Summary

Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council. The four possible ratings that can be given are:

Finding rating

No assurance

Limited assurance

Reasonable assurance

Substantial assurance

In 2017-18 the annual opinion overall is:

Limited assurance

This is a deterioration on 2016-17 when an opinion of reasonable assurance was given.

The key themes that have led to the limited assurance opinion are:

- Financial control and fraud risk
- Oversight, accountabilities and roles and responsibilities

We have also reported a range of findings over:

- Data quality and integrity
- Compliance / Policies and procedures

The opinion includes detail on the audits that have been undertaken during 2017-18 that support the above themes having been identified. There has been a significant increase in the percentage of audit reports receiving an overall rating of "limited" (from 11% in 16/17 to 25% in 17/18), and a corresponding decrease in the percentage of audit reports receiving a "reasonable" rating (from 78% in 16/17 to 61% in 17/18). This represents a clear weakening of the control environment at the Council.

This is the first limited assurance annual opinion since 2010–11.

Recommendations

- 1. That the Committee note the contents of the Annual Internal Audit Opinion 2017-18.**

1. WHY THIS REPORT IS NEEDED

1.1 The Audit Committee's role in receiving this report is to note the overall assurance given and to focus on the improvement areas noted as themes for 2017-18. This is as per the approved Workplan of the Audit Committee.

2. REASONS FOR RECOMMENDATIONS

2.1 As per the approved Workplan of the Audit Committee.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 N/A

4. POST DECISION IMPLEMENTATION

4.1 N/A

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 All internal audit and risk management planned activity in 2017-18 was aligned with the Council's objectives set out in the Corporate Plan 2015-2020, and thus supported the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.

5.1.2 The Annual Internal Audit Opinion informs the Annual Governance Statement that is also presented to this Committee.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 When risk, and assurances that those risks are being well managed, is analysed alongside finance and performance information it can provide management with the ability to measure value for money.

5.3 Social Value

5.3.1 N/A

5.4 Legal and Constitutional References

5.4.1 There are no legal issues in the context of this report.

5.4.2 The Council's Constitution, Responsibilities for Functions - the Audit Committee terms of reference include "to consider the annual audit opinion".

5.5 Risk Management

5.5.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council's objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.

5.5.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus leads to improving management processes for securing more effective risk management.

5.6 Equalities and Diversity

5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community. Individual audits assess, as appropriate, the differential aspects on different groups of individuals to ensure compliance with the Council's duties under the 2010 Equality Act.

5.7 Corporate Parenting

5.7.1 N/A

5.8 Consultation and Engagement

5.8.1 N/A

5.9 Insight

5.9.1 N/A

6. BACKGROUND PAPERS

6.8 Audit Committee 19th April 2018 (Decision Item 13). – The Committee approved the Work Programme for 2018-19, which included the Internal Audit Annual Opinion for inclusion at this meeting.

<http://barnet.moderngov.co.uk/documents/s46040/Audit%20Work%20Programme%20April%202018.pdf>