**Report of Corporate Assurance Manager**

**To**

**GOVERNANCE AND STANDARDS COMMITTEE**

**On**

**23 June, 2021**

# **CORPORATE ASSURANCE MANAGER – ANNUAL REPORT FOR 2020/2021**

##### **SUMMARY**

* 1. In accordance with the Public Sector Internal Audit Standards (PSIAS) and The Chartered Institute of Public Finance and Accountancy (CIPFA)’s Local Government Application Note (2019), this report details the following:
* The work undertaken by Internal Audit during 2020/2021
* The key areas of assurance upon which the Corporate Assurance Manager has based his opinion on the overall adequacy and effectiveness of the organisation’s risk management, internal control and governance processes and
* The results of the Quality Assurance and Improvement Programme (QAIP).

1.2 Even though the Covid-19 pandemic has impacted upon the delivery of services across the Council including Internal Audit, there is still the need for the Corporate Assurance Manager to comply with the PSIAS and deliver an annual opinion and state any caveats to that opinion due to any shortfalls in the adequacy of the assurance received in respect of the Council’s risk management, internal control or overarching governance arrangements

1.3 The guidance issued by CIPFA in respect of the Head of Internal Audit’s Annual Opinion for 2020/2021, particularly in respect of potential limitations of scope on which to base the opinion, due to the pandemic, has been considered by the Corporate Assurance Manager

#### **2 RECOMMENDATIONS**

i) That the work undertaken by Internal Audit and the real time proactive assurance received during 2020/2021 be noted.

ii) That the performance indicators to be adopted by Internal Audit for 2021/2022 be accepted

iii) That the outcomes from the QAIP for 2020/2021 be noted

iv) That the Corporate Assurance Manager’s opinion statement on the Council’s risk management, internal control and governance processes be accepted.

#### **3 BACKGROUND**

3.1 A key piece of evidence as to the effectiveness of internal audit is the extent of its compliance with the PSIAS and CIPFA’s Local Government Application Note, which amongst a number of prescribed standards requires the Corporate Assurance Manager to submit a formal annual report to the organisation, including the following:-

i) An opinion on the overall adequacy and effectiveness of the organisation’s risk management, internal control and governance processes

ii) Disclosing any qualifications to that opinion, together with the reasons for the qualification

iii) Presenting a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance providers

iv) Identifying any issues the Corporate Assurance Manager considers are particularly relevant to the preparation of the governance statement

v) Comparing the work actually undertaken with the work that was planned and summarising the performance of the Internal Audit function against its performance measures

vi) Detailing the results of reviews undertaken to assess the level of implementation of recommendations made in previous Internal Audit reviews

vii) Disclosure of any impairments or restrictions in scope

viii) The results of the QAIP and progress against any improvement plans resulting from it

ix) A statement on conformance with the PSIAS and Internal Audit Charter

**Work Undertaken by Internal Audit & Sources of Assurance**

3.2 During 2019/2020, Internal Audit reviewed and revised its focus to ensure full alignment with the Council’s strategic risks and to also place greater reliance upon real time assurance from proactive engagement with internal governance arrangements and also to place reliance upon other assurance providers as long as robust and reliable.

3.3 The revised approach was a key outcome of the transformation review of Internal Audit that was undertaken during 2019/2020 and supported the downsizing of the Internal Audit Service to a revised establishment of the Corporate Assurance Manager, 1 Senior Auditor and a Trainee Auditor.

3.4 As previously reported to this Committee, due to the Covid-19 pandemic, it was decided not to fill the post of Trainee Auditor during 2020/2021, resulting in the Internal Audit resource being less than would have been required in normal circumstances. However, efforts are currently being made to fill the vacancy in the next few months as the Council moves through the Covid-19 recovery period.

3.5 As reported to the Governance & Standards Committee on 4 September 2020, in response to the significant pressure placed on the Council to react effectively to the pandemic, Internal Audit activity in respect of undertaking system reviews was suspended in April 2020. However, year-end financial checks and validation of the benefit subsidy claim were completed as planned.

3.6 It was agreed that the best method to achieve adequate coverage was to adopt a flexible planning approach informed by the following key themes:

|  |  |
| --- | --- |
| Theme | Audit Work |
| 1. Assurance Mapping | A questionnaire style enquiry will be carried out to gather information and determine any changes to the control and governance arrangements and document any available assurance that these controls are working effectively. Particular areas of focus will be to evaluate the strength of controls for the prevention of fraud and the management / security of data  . |
| 1. Key Controls | In order to provide independent assurance over the effectiveness of the key financial and governance control framework during the pandemic, Internal Audit’s testing programme will be enhanced, based upon the results of the assurance mapping exercise detailed above, to cover any new controls |
| 1. Essential Areas of Assurance | This work will ensure that areas from the original Plan for 2020/2021 that was agreed with senior management and are integral to forming an opinion on the governance, risk management and control framework for 2020/21 are still carried out |

3.7 The Corporate Assurance Manager contacted all Heads of Service and attended Departmental Management Team meetings to determine whether significant changes had been made to the Council’s risk management, internal control or governance arrangements due to the pandemic. The only significant area identified was in respect of the decision making procedures, particularly during the first lock down. This was reviewed by Internal Audit during 2020/2021.

3.8 The work undertaken by Internal Audit during 2020/2021 has therefore focussed on carrying out reviews of the Council’s governance framework to inform the AGS and gaining assurance as to the effectiveness of the Council’s management of its strategic risks.

3.9 The work undertaken by Internal Audit during 2020/2021 is detailed in Table 1 below, which includes the key areas covered and the days actually spent against the target allocation. The reasons for any significant variances are detailed in the “Notes” section.

3.10 The areas of real time proactive assurance relating to the Council’s strategic risks which have been relied upon by the Corporate Assurance Manager in the formulation of his opinion, along with any gaps identified and the actions proposed to address them are detailed in Table 2 below.

**Table1: Internal Audit Work Delivered During 2020/2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Priority** | **Title** | **Key Areas: Assurance / Risk / Performance Validation** | **Days Allocated** | **Days Spent** |
|  | **Corporate Assurance** | | | |
| High | Corporate Risk & Opportunity Management | Compliance with the Council’s Corporate Risk and Opportunity Management strategy | 15.00 | 13.00 |
| High | Procurement & Purchasing Arrangements | Compliance with the Council’s Contract Procedure Rules and accompanying procurement guidance / effective delivery of client management arrangements in respect of the contract with Nottingham City’s Procurement Service / effective implementation of the Council’s Procurement Strategy and guidance on the use of procurement cards and the raising of orders | 45.00 | 58.50  (Note 1) |
| High | Decision Making Arrangements during Covid-19 | Assurance that the emergency arrangements were formally documented and that relevant decisions were fully recorded and in compliance with issued guidance | 4.00 | 4.00 |
| **Priority** | **Title** | **Key Areas: Assurance / Risk / Performance Validation** | **Days Allocated** | **Days Spent** |
| High | Governance & Standards Committee Support & Member Training | Reports for Committee / attendance at meetings, follow up of audit recommendations / training of members on relevant governance issues / responses to member questions | 40.00 | 47.50 |
| High | Governance Reviews & Assurance Framework | Assessment of compliance with the Council’s Code of Corporate Governance / preparation of Annual Governance Statements / evaluation of the Council’s ethical governance arrangements | 25.00 | 24.25 |
| High | Counter Fraud Testing & NFI | Delivery of Internal Audit’s counter fraud testing programme which is linked to the Council’s Fraud Risk Register / key contact responsibilities for NFI | 20.00 | 22.25 |
|  | **Probity / Security of Assets** | | | |
| High | Payroll (Shared Service with Ashfield District Council) | Validation of key controls in respect of starters / leavers / payment processes / performance management | 15.00 | 13.50 |
| High | IT | Validation of key controls in respect of cyber security arrangements / inventory control / licence control / business continuity arrangements / network resilience testing / performance management | 10.00 | 7.00 |
| **Priority** | **Title** | **Key Areas: Assurance / Risk / Performance Validation** | **Days Allocated** | **Days Spent** |
|  | **Support & Development** | | | |
| - | Covid-19 Related / Consultancy & Special Investigations | Support to management as required as part of Covid-19 recovery period / professional independent advice on audit / governance arrangements as required by Council Rules and Regulations or requested by management  Special investigations carried out into alleged instances of fraud / corruption or financial malpractice | 50.00 | 79.50  (Note 2) |

Notes

|  |  |
| --- | --- |
| No. | Reason for Significant Difference / Action to be Taken |
| 1 | Additional days were required during the year to support the external review of the Council’s procurement arrangements by the LGA consultant and to launch and provide training upon the new Procurement Strategy |
| 2 | Additional days required to verify applications for Covid-19 business grants |

**Table 2: Real Time Proactive Assurance of Strategic Risks Areas**

|  |  |  |  |
| --- | --- | --- | --- |
| Strategic Risk | Risk Level | Real Time Proactive Assurance Achieved | Assurance Gap / Actions |
| Insufficient funds to deliver statutory services | Low | It was intended for the Financial Services Manager and Corporate Assurance Manager to carry out a review of the Council’s Financial Regulations, Budget Protocol, Grant procedures and finance related sections of the Council’s Constitution during 2020/2021. Although revised Grant procedures were approved, the review was not completed due to other Covid-19 commitments taking priority | The need to complete this review has been included in the Annual Governance Statement (AGS) 2020/2021 action plan |
| Failure to deliver the expected outcomes from projects requiring a key decision | Low | The Corporate Assurance Manager produced an assurance model during 2020/2021 to ensure that the recommendations made / corporate lessons identified from the independent external review of the former Berry Hill Quarry were implemented and has presented progress reports to CLT and the Governance and Standards Committee on the agreed actions | Further progress reports will be produced by the Corporate Assurance Manager during 2020/2021 and an Internal Audit review will be undertaken of relevant procedures to provide further independent assurance |
| Strategic Risk | Risk Level | Real Time Proactive Assurance Achieved | Assurance Gap / Actions |
| Non-compliance with procurement practices | Medium | An external review of the Council’s procurement arrangements was undertaken by a LGA sponsored consultant during 2020/2021 with an overall conclusion that the Council had good arrangements in place. However, recommendations were made for further improvement and an action plan was agreed, with implementation being monitored by the Council’s Procurement Delivery Group | The action plan needs to be fully implemented to support the Council’s new Procurement Strategy. This has been included in the AGS 2020/2021 action plan |
| Ineffective management of Non-HRA Council buildings | High | Due to this risk being assessed as being high, reports have been presented to CLT and the Governance and Standards Committee on progress with implementing the actions for improvement required to reduce the risk level, with assurance provided by the risk owner that the revised targets would be achieved | The need to fully implement all outstanding improvement actions relating to the Council’s strategic risks has been included in the AGS 2020/2021 action plan |
| Ineffective management of Council HRA buildings | Medium | Reports have been presented to CLT and the Governance and Standards Committee on progress with implementing the actions for improvement required to reduce the risk level | The need to fully implement all outstanding improvement actions relating to the Council’s strategic risks has been included in the AGS 2020/2021 action plan |
| Strategic Risk | Risk Level | Real Time Proactive Assurance Achieved | Assurance Gap / Actions |
| Failure to deliver the expected outcomes in the Transformation Strategy | Medium | The Corporate Assurance Manager is a member of the Council’s Transformation Group and the Head of Law and Governance is a member of the Transformation Board which provide assurance that delivery of the Council’s Transformation Strategy is being effectively monitored | Internal Audit will carry out a health check of the arrangements for identifying and reporting savings delivered from the transformation process during 2021/2022 |
| Non-compliance with legislation or ineffective governance leading to challenge | Medium | The Corporate Assurance Manager has completed during 2020/2021 a review of the Council’s compliance with its Local Code of Governance which found the Council’s arrangements to be effective. The findings will be report to the Governance and Standards Committee on 23 June 2021 and will inform the AGS for 2020/2021 | No further action required |
| Harm to children or vulnerable adults due to the Council not meeting its safeguarding responsibilities | Low | No additional independent assurance was achieved during 2020/2021, although it is assessed as being low risk due to the effectiveness of existing internal controls which is supported by the Internal Audit review which was completed in 2019/2020 | No further action required |
| Strategic Risk | Risk Level | Real Time Proactive Assurance Achieved | Assurance Gap / Actions |
| Failure to deliver services due to inadequate management and planning of the workforce | Medium | Reports have been presented to CLT and the Governance and Standards Committee on progress with implementing the actions for improvement required to reduce the risk level | The need to fully implement all outstanding improvement actions relating to the Council’s strategic risks has been included in the AGS 2020/2021 action plan |
| Failure to deliver services due to lack of effective business continuity arrangements | Medium | The Council’s business continuity arrangements were reviewed during 2020/2021 in response to Covid-19. In addition the Head of Law and Governance is a member of the Council’s Resilience Board which oversees the Council’s business continuity and emergency planning arrangements | A review of the Council’s cyber security arrangements will be undertaken during 2021/2022 by Internal Audit |
| Failure to provide an effective Council response to an emergency situation | Low | The Council’s emergency planning arrangements were reviewed during 2020/2021 in response to Covid-19. In addition the Head of Law and Governance is a member of the Council’s Resilience Board which oversees the Council’s business continuity and emergency planning arrangements | No further action required |
| Strategic Risk | Risk Level | Real Time Assurance Achieved | Assurance Gap / Actions |
| Ineffective data management and security leading to a data breach | Medium | The Corporate Assurance Manager is a member of the Council’s Information Governance Group which oversees the delivery of an annual work programme which provides assurance from relevant key stakeholders both internally and externally that the Council has effective data management arrangements in place | A review of the Council’s cyber security arrangements will be undertaken during 2021/2022 by Internal Audit |
| Ineffective governance of commercial property investments | Low | The Corporate Assurance Manager is a member of the Council’s Asset Board which has responsibility for overseeing the management of the Council’s commercial property investments, with no new acquisitions during 2020/2021.  The Corporate Assurance Manager also attended the briefing session delivered to Members on the Council’s investment strategy which had been produced in consultation with the Council’s external auditors  The Head of Law and Governance is a member of the working group which is dealing with the issues relating to the Bedford Road commercial property | Internal Audit will carry out a health check of the arrangements during 2021/2022 |
| Strategic Risk | Risk Level | Real Time Proactive Assurance Achieved | Assurance Gap / Actions |
| Adverse impact on service delivery due to Brexit | Low | The Corporate Assurance Manager is a member of the Business Recovery Group which is responsible for assessing the impact of Brexit and agreeing any actions required | No further action required |

**Performance of Internal Audit Service**

3.11 At the meeting of the Governance & Standards Committee on 30 July 2020, it was agreed that a set of Local Performance Indicators (PIs) would be used to evaluate the performance of the Internal Audit Service during 2020/2021.

3.12 Due to the continued impact of the pandemic and the further lockdowns that were not foreseen at the time that these PIs were developed, it has not been meaningful to collate out turns for certain of them for the reasons stated in Table 3 below.

**Table 3: Performance Out Turns for 2020/2021**

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  |  |
| Performance Indicator | Target | Out Turn Position |
|  |  |  |
| % completion of approved Audit Plan with agreed revisions (Key) | 100% | Due to the audit planning process being revised during 2020/2021 to a more flexible methodology with quarterly plans being produced, it is not considered that this PI is now meaningful |
| % of unproductive time (Key) | < 4% | 5% |
| % of draft audit memos / reports issued to management within 10 working days of completion of review (Key) | 100% | Due to the additional tranches of Covid-19 business grants that occurred during 2020/2021 and Internal Audit’s involvement in verifying the applications, substantial delays arose in the normal auditing process which has resulted in this PI not being meaningful |
| % of draft audit memos / reports finalised within 10 working days of closure meeting unless extension approved by the Corporate Assurance Manager (Key) | 100% | Due to the additional tranches of Covid-19 business grants that occurred during 2020/2021 and Internal Audit’s involvement in verifying the applications, substantial delays arose in the normal auditing process which has resulted in this PI not being meaningful |
| % of individual audit system reviews completed within target days or prior approved extension by the Corporate Assurance Manager (Key) | 100% | 100% |
| % of audit time spent on providing additional value to the Council as per agreed methodology (Management Information) | 15 - 20% | 83% |
| No of working days lost per Internal Audit employee due to sickness / hospital appointments (Management Information) | 2.0 | 0.5 |

3.13 It is hoped that the delivery of the Internal Audit Service will return to a greater degree of normality during 2021/2022 and that performance measurement will be more meaningful and therefore the following set of PIs, with their targets, will be adopted as detailed in Table 4.

|  |  |
| --- | --- |
| **Table 4: Internal Audit’s Performance Indicators for 2021/2022** |  |
|  |  |
| Performance Indicator | Target |
|  |  |
| Levels of satisfaction with audit reviews completed informed from audit closure meetings | 90% |
| % of unproductive time | < 4% |
| % of draft audit memos / reports issued to management within 10 working days of completion of review | 100% |
| % of draft audit memos / reports finalised within 10 working days of closure meeting unless extension approved by the Corporate Assurance Manager | 100% |
| % of individual audit system reviews completed within target days or prior approved extension by the Corporate Assurance Manager | 100% |
| % of audit time spent on providing additional value to the Council as per agreed methodology | 25 - 30% |
| No of working days lost per Internal Audit employee due to sickness / hospital appointments | 2.0 |

**Quality Assurance and Improvement Programme (QAIP)**

3.14 In accordance with PSIAS and CIPFA’s Local Government Application Note, a QAIP has been developed for the Internal Audit Service. The purpose of the QAIP is to provide reasonable assurance to key stakeholders that Internal Audit:

* Performs its work in accordance with its Charter
* Operates in an effective and efficient manner
* Is perceived as adding value and improving the service that it provides

3.15 A summary of the outcomes from this programme against its key elements is enclosed at Table 5 with any improvements being identified and appropriate action taken to address them as they arise.

**Table 5: Quality Assurance and Improvement Programme (QAIP) – Summary of Outcomes for 2020/2021**

|  |  |
| --- | --- |
| Key Element of QAIP | Outcome |
| Ongoing Reviews |  |
| Quality reviews by the Corporate Assurance Manager of completed audit assignments | See Table 6 |
| Feedback from Heads of Service and Strategic Directors | Quarterly meetings being held – positive feedback received about the revised audit methodology, particularly in respect of flexible planning and more focus upon real time assurance |
| Internal Audit performance indicator out turns | See Table 3 |
| Periodic Reviews |  |
| Annual assessment of Internal Audit’s conformance with its Charter, Public Sector Internal Auditing Standards and CIPFA’s Local Government Application Note (2019) | Full assessment carried out, with the only area of non-conformance being in respect of shortfall in resource due to not filling the Trainee Auditor post. However, this has not adversely affected service delivery during 2020/2021 |
| Production of a risk based Audit Plan | Quarterly risk based Audit Plans were prepared and approved by the Governance & Standards Committee during 2020/2021 |
| Benchmarking | A benchmarking exercise was undertaken as part of the transformational service review of Internal Audit undertaken during 2019/2020.  The findings have informed the approved changes to the structure of Internal Audit.  Qualitative benchmarking is also carried out through the Nottinghamshire and Derbyshire Audit Group, Midlands Audit Group and Institute of Internal Auditors |
| Reports to the Governance & Standards Committee on delivery of the Audit Plan | Progress reports have been presented to the Governance & Standards Committee during 2020/2021 |
| Annual assessment of compliance with CIPFA’s Statement on the “Role of the Head of Internal Audit in Public Service Organisations (2019)” | Assessment completed during 2020/2021 to inform the AGS – No areas of non-compliance were identified |
| External Assessment |  |
| External Quality Assessment | Completed during 2018 – Next review scheduled for 2023 |

**Table 6: Summary of Findings from Assignment Reviews – 2020/2021**

|  |  |  |
| --- | --- | --- |
| **Assignment** | **Summary of Findings** | **Improvement Actions** |
| Purchasing Arrangements | No issues | None |
| Payroll | No issues | None |
| IT Ordering Process | No issues | None |

3.16 Based on the results of the above, the Corporate Assurance Manager can state that the Internal Audit Service has complied with the expectations of the PSIAS and its Charter during 2020/2021, except for the resource issue identified in respect of not filling the Trainee Auditor post. However, this has not had an adverse effect upon service delivery.

**Basis of Corporate Assurance Manager’s Opinion Statement**

3.17 The Corporate Assurance Manager’s opinion on the overall adequacy and effectiveness of the organisation’s risk management, internal control and governance processes will be based upon the following key assurance sources:

* Internal Audit’s planned review findings
* Real time proactive assurance received in respect of the Council’s strategic risks
* Findings from special investigations and consultancy engagements completed during 2020/2021
* Level of implementation of Internal Audit recommendations made in previous reviews
* The Corporate Assurance Manager’s annual reviews of the Council’s corporate governance, counter fraud and risk and opportunity management arrangements
* Work performed by other assurance providers

**Internal Audit Planned Review Findings**

3.18 The Corporate Assurance Manager’s opinion on the overall internal control environment is based upon achievement of the following assurance levels:

1. More than 85 per cent of reviews must achieve an assurance level of at least satisfactory
2. There are no key financial systems that achieve an unsatisfactory assurance level

The definition of the different assurance levels are detailed below:

|  |  |
| --- | --- |
| **Assurance Level** | **Definition** |
| Excellent | * No High / Medium risk issues have been identified during the review |
| Good | * No High risk issues have been identified during the review * A maximum of 1 Medium risk issue has been identified during the review |
| Satisfactory | * A maximum of 1 High risk issue has been identified during the review * A maximum of 3 Medium risk issues have been identified during the review |
| Unsatisfactory | * More than 1 High risk issue has been identified * More than 3 Medium risk issues have been identified |

3.19 The findings from the planned reviews completed and issued by Internal Audit during 2020/2021 and the assurance levels achieved are stated in Table 7 below:

**Table 7: Summary of Internal Audit Planned Review Findings**

|  |  |  |
| --- | --- | --- |
| Review | Assurance Level | Summary of Findings |
| Purchasing Arrangements | Excellent | No issues were raised |
| Payroll | Excellent | No issues were raised |
| IT Ordering | Excellent | No issues were raised |

3.20 Therefore, 100 per cent of the reviews have achieved at least a satisfactory standard (95% in 2019/2020 and 97% in 2018/2019), with 100 per cent achieving an excellent standard.

**Special Investigations & Consultancy Engagements Completed During 2020/2021**

3.21 Details of the special investigations and consultancy engagements completed during 2020/2021 are summarised in Table 8 below.

**Table 8: Completed Internal Audit Special Investigations & Consultancy Engagements**

|  |  |  |
| --- | --- | --- |
| Investigation / Engagement | No of Days | Summary of Findings |
| Investigation – Town Centre Income Discrepancies | 24.00 | Areas for improvement were identified in the report issued to the Governance and Standards Committee |

**Implementation of Internal Audit Recommendations**

3.22 The last report presented to the Governance and Standards Committee in respect of the implementation of Internal Audit recommendations was on 24 January 2020. There have not been any recommendations made in Internal Audit planned reviews since that date that required following up.

3.23 The recommendations made in the Special Investigation – Town Centre Income Discrepancies report are now due to be followed up and the position regarding implementation will be reported to this Committee on 14 July 2021.

**Reviews of The Council’s Corporate Governance, Counter Fraud and Corporate Risk and Opportunity Management Arrangements**

3.24 The findings from the above reviews are detailed below:

|  |  |
| --- | --- |
| Review | Summary of Findings |
| Corporate Governance | Separate report on this agenda stating that the Council’s overall level of compliance with its Code of Governance is high |
| Counter Fraud | The Council’s Fraud and Corruption Register was revised in September 2020 to adequately reflect the effect of the Covid-19 pandemic upon potential areas of fraud  An annual review of the Council’s counter fraud and corruption arrangements was carried out during 2020/2021 with the findings being reported to this Committee on 2 June 2021, with no significant issues being identified |
| Corporate Risk & Opportunity Management Arrangements | The Council’s Strategic Risks & Opportunities Register was reviewed and revised in September 2020 to adequately reflect the effect of the pandemic upon the Council’s strategic risks, with further update reports during 2020/2021 to this Committee in respect of implementation of the areas for improvement identified.  An annual review of the Council’s corporate risk and opportunity management arrangements is currently being carried out with the findings due to be reported to this Committee on 14 July 2021 |

**Work Performed by Other Assurance Providers**

3.25 The Council’s External Auditors have presented reports to this Committee during 2020/2021 with no significant issues being raised

3.26 The Local Government and Social Care Ombudsman’s annual report was presented to the Governance & Standards Committee which detailed their findings in respect of complaints received by them in 2019/2020 with only one being upheld in part.

**Corporate Assurance Manager’s Opinion Statement**

3.27 The only area where the level of independent assurance received during 2020/2021 is less than the Corporate Assurance Manager would expect is in respect of the reviews carried out by Internal Audit of the Council’s internal control processes.

3.28 However, the following mitigating factors have provided the Corporate Assurance Manager with the required level of confidence in the continued effectiveness of the Council’s internal control framework:

* The real time proactive assurances received in respect of the Council’s strategic risks in line with the revised focus of the Internal Audit Service as detailed in Table 2 above.
* The assurances from senior managers that significant changes had not been made to existing key systems during 2020/2021 in response to the pandemic
* The level of assurance received in previous years from Internal Audit reviews of key systems

3.29 Based on the above results the Corporate Assurance Manager is satisfied that the Council has the following in place:

* adequate and effective governance arrangements
* adequate and effective risk and opportunity management arrangements
* adequate and effective internal control processes

#### **OPTIONS AVAILABLE**

#### 4.1 The options available are to either accept the Corporate Assurance Manager’s opinion on the Council’s governance, risk and opportunity management and internal control arrangements or to challenge the basis on which the opinion was reached.

**5** **RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk** | **Risk Assessment** | **Risk Level** | **Risk Management** |
| Legal | The PSIAS and CIPFA’s Local Government Application Note will not be fully complied with unless the Corporate Assurance Manager’s annual report is accepted by the Governance and Ethics Committee | Low | This report is fully compliant with the PSIAS and CIPFA’s Local Government Application Note and contains an opinion statement by the Corporate Assurance Manager on the Council’s governance, risk and opportunity management and internal control arrangements |
| Financial | There are no financial risks to the Council of the recommendations or options | - | - |
| Reputation | There are no reputational risks to the Council of the recommendations or options | - | - |

#### **6 ALIGNMENT TO COUNCIL PRIORITIES**

6.1 The need to maintain an effective Internal Audit Service is fundamental to any Council as it endeavours to achieve its priorities.

#### **7 IMPLICATIONS**

(a) Relevant Legislation

Regulation 5 of the Accounts and Audit Regulations 2015 specifically requires that a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

(b) Human Rights

The Human Rights Act 1998 is not engaged as no particular individual is directly affected by the decision

(c) Equality and Diversity

An impact assessment has been completed and it concludes that the proposed actions are fair and equitable in their content and are not discriminative on the grounds of equality and human rights

(d) Climate change and environmental sustainability

The proposed actions in the report do not have any environmental implications and have no effect on the climate

(e) Crime and Disorder

There are no implications for crime and disorder

(f) Budget/Resource

There are no implications

**8** **COMMENTS OF STATUTORY OFFICERS**

Monitoring Officer – No specific comments

Deputy Section 151 Officer – No specific comments

**9 CONSULTATION**

9.1 No other consultation has been carried out.

**10** **BACKGROUND PAPERS**

None

|  |  |  |
| --- | --- | --- |
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