

<b>DECISION-MAKER:</b>	GOVERNANCE COMMITTEE		
<b>SUBJECT:</b>	CHIEF INTERNAL AUDITOR'S ANNUAL REPORT AND OPINION 2014-15		
<b>DATE OF DECISION:</b>	15 JUNE 2015		
<b>REPORT OF:</b>	CHIEF INTERNAL AUDITOR		
<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
N/A

### **BRIEF SUMMARY**

In accordance with proper internal audit practices, the Chief Internal Auditor is required to provide an opinion on the adequacy and effectiveness of the Council's framework of risk management, internal control and governance.

The attached report (Appendix 1) provides the Chief Internal Auditor's opinion and summarises audit work from which that opinion has been derived for the year ending 31 March 2015.

The report concludes that Southampton City Council's framework of governance, risk management and control is 'Adequate'.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

### **RECOMMENDATIONS:**

- (i) That the Governance Committee approves the Chief Internal Auditor's Annual Report and Opinion for 2014-15.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. The Accounts and Audit (England) Regulations 2015 state '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.'

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. None.

### **DETAIL (Including consultation carried out)**

3. In accordance with proper internal audit practices, the Chief Internal Auditor's required to provide an annual report and opinion on the Council's framework of risk management, internal control and governance and to assist in producing the Annual Governance Statement.

4. In accordance with the Internal Audit Charter and the Public Sector Internal Audit Standards the annual report must include as a minimum:
- The opinion;
  - A summary of the work that support the opinion; and
  - A statement of conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
5. The Governance Committee's attention is drawn to the following points:
- Internal audit was compliant with the Public Sector Internal Audit Standards during 2014-15;
  - The revised internal audit plan for 2014-15 has been substantially delivered;
  - The Council's framework of governance, risk management and management control is considered to be 'Adequate' and audit testing has demonstrated controls to be working in practice;
  - Significant issues identified where 'no assurance' could be placed on the control environment reviewed (Depot – Housing Stock and Housing Office Security); and

Where internal audit work identified areas where management controls could be improved or where systems and laid down procedures were not fully followed, appropriate corrective actions and a timescale for improvement were agreed with the responsible managers.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

6. None

### **Property/Other**

7. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

8. The Accounts and Audit (England) Regulations 2015 state '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.'

### **Other Legal Implications:**

9. None

## **POLICY FRAMEWORK IMPLICATIONS**

10. None

**KEY DECISION?** No

**WARDS/COMMUNITIES AFFECTED:** N/A

## SUPPORTING DOCUMENTATION

### **Appendices**

1. Chief Internal Auditor's Annual Report and Opinion 2014-15

### **Documents In Members' Rooms**

1. None

### **Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out. No

### **Other Background Documents**

#### **Equality Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. None	