



Hinckley & Bosworth
Borough Council

A Borough to be proud of

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

Audit Committee 25 July 2019

WARDS AFFECTED: ALL WARDS

HEAD OF INTERNAL AUDIT OPINION 2018/19

Report of Head of Finance (Section 151 Officer)

1. PURPOSE OF REPORT

- 1.1 To inform the Audit Committee of the draft Head of Internal Audit Opinion (HoIA) for 2018/19.

RECOMMENDATION

- 2.1 To note the Head of Internal Audit Opinion (Appendix 1)

3. BACKGROUND TO THE REPORT

- 3.1 The Head of Internal Audit is required to provide an annual opinion in accordance with the Public Sector Internal Audit Standards, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Council's risk management, control and governance processes (otherwise known as the system of internal control).
- 3.2 The purpose of the Head of Internal Audit's Opinion is to contribute to the assurances available to the Accountable Officer and the Council, which underpin the Council's own assessment of the effectiveness of internal control. This Opinion will in turn assist the Council in the completion of the Annual Governance Statement (AGS).
- 3.3 The Opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. It is achieved through the delivery of a risk-based programme of compliance, assurance and advisory work, agreed with Management and approved by the Audit Committee

3.4 The opinion for 2018/19 is:

“Overall, significant assurance with some improvement required can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. There are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management. Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.”

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

4.1 Report taken in open session.

5. FINANCIAL IMPLICATIONS [AW]

5.1 None.

6. LEGAL IMPLICATIONS

6.1 None.

7. CORPORATE PLAN IMPLICATIONS

7.1 None.

8. CONSULTATION

8.1 None.

9. RISK IMPLICATIONS

9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment: None

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

10.1 There are no direct implications arising from this report

11. CORPORATE IMPLICATIONS

11.1 By submitting this report, the report author has considered the following:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: Civica Reports

Contact Officer: Ashley Wilson:
Head of Finance
Executive Member: Cllr K Lynch

Appendix 1

Hinckley and Bosworth Borough Council

Draft internal audit opinion for the year ended 31 March 2019

Basis of Opinion for the year ending 31 March 2019

This report is our annual summary of the internal audit work carried out for Hinckley and Bosworth Borough Council this year. All reports have been presented to the Audit Committee following their agreement with Management.

Our internal audit work was carried out in accordance with the Grant Thornton Internal Audit methodology, which complies with the Public Sector Internal Audit Standards (PSIAS). Our work was not designed to and therefore it does not comply with the International Framework for Assurance Engagements (IFAE) or International Standard on Assurance Engagements (ISAE) 3000.

In carrying out our work we are required to comply with applicable ethical standards, including being independent from Hinckley and Bosworth Borough Council.

Respective roles and responsibilities

The Council is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement (AGS) is an annual statement by the Accountable Officer, on behalf of the Council, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes;
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The Head of Internal Audit is required to provide an annual opinion in accordance with the PSIAS, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Council's risk management, control and governance processes (otherwise known as the system of internal control).

The purpose of the Head of Internal Audit's Opinion is to contribute to the assurances available to the Accountable Officer and the Council, which underpin the Council's own assessment of the effectiveness of internal control. This Opinion will in turn assist the Council in the completion of the Annual Governance Statement (AGS).

The Opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. It is achieved through the delivery of a risk-based programme of compliance, assurance and advisory work, agreed with Management and approved by the Audit Committee.

Opinion

The basis of our opinion is an assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas.

Our overall opinion for the period 1 April 2018 to 31 March 2019 is that based on the scope of reviews undertaken and the sample tests completed during the period, that:

“Overall, significant assurance with some improvement required can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. There are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management. Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.”

The range of individual opinions arising from risk-based audit assignments reported throughout the year

12 internal audit reports have been issued in 2018/19. This includes three significant assurance opinion reports, eight significant assurance with some improvement opinion reports and one advisory report.

We raised one high risk recommendations in Quarter 4 2018/19:

- **Crematorium Business case** – The contract for CDS (consultants) was awarded for £92k against a limit of £50k for direct quotes (contract procedure rules apply rather than financial regulations over £50k). The work is specialist in nature and officers considered it to be sufficient to approach suppliers with relevant experience. Staff should be reminded of the need to comply with financial rules and procedures. Officers should review procedures to provide further clarity in such circumstances.

This issue does not prevent us from issuing significant with minor improvements assurance as the organisation has implemented or is currently implementing the recommendations raised as a result of our work to address the issues identified.

Grant Thornton (UK) LLP

14 July 2019