



Governance Scrutiny Group

Thursday, 24 July 2021

Internal Audit Annual Report 2020/21

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached report has been prepared by the Council's internal auditors BDO. It summarises the work undertaken during the course of 2020/21 and the management actions arising from the audits. It also provides the annual opinion of the Head of Internal Audit required by the Public Sector Internal Audit Standards.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2020/21 (**Appendix A**).

3. Reasons for Recommendation

- 3.1. To conform with best practice and Public Sector Internal Audit Standards; and give assurance to the Corporate Governance Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1. The appended BDO report highlights the completion of the Internal Audit Plan for 2020/21. In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit, BDO, is required to provide an annual opinion and the Group is asked to note that for 2020/21 BDO has concluded that the Council has a moderately sound system of internal control (with Moderate being the second highest level of assurance given – no local authorities audited by BDO have received a Substantial rating (the highest available) this year). The Head of Internal Audit recognised that the Covid-19 pandemic has placed a significant strain on local authorities over 2020/21 and stated that the Council would need to achieve substantial assurance on both design and effectiveness on a majority of their audit reviews in 2021/22 to achieve a substantial opinion overall.
- 4.2. In 2020/21, BDO undertook nine internal audit reviews. As reported previously in the quarterly progress reports, of the nine audits:
 - four received substantial assurance on both design and effectiveness – Budget Monitoring and Reporting, Main Financial Systems, Covid-19 Grants Assurance and Cyber Security

- one received substantial assurance on design effectiveness only – Events, social media and communications
- three received moderate assurance on both design and effectiveness Licensing, Pest and Dog Control, and Recruitment and Retention.
- The Annual Fraud report is not classified in the same way.

4.3. A total of 27 management actions were identified including 12 ‘medium’ priority and 15 ‘low’ priority. Management actions have been agreed in all cases.

5. Risks and Uncertainties

If recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

6. Implications

6.1. Financial Implications

There are no direct financial implications to the report. Indirectly a better internal control environment suggests risk has reduced and can result in a reduced audit workload and therefore cost.

6.2. Legal Implications

There are no legal implications arising from this report.

6.3. Equalities Implications

There are no equalities implications arising from this report.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications arising from this report.

7. Link to Corporate Priorities

| | |
|--------------------|--|
| Quality of Life | |
| Efficient Services | Undertaking a programme of internal audit ensures that proper and efficient services are delivered by the Council. |
| Sustainable Growth | |
| The Environment | |

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2020/21 (**Appendix A**).

| | |
|--|--|
| For more information contact: | Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk |
| Background papers available for Inspection: | |
| List of appendices: | Appendix A – Internal Audit Annual Report 2020/21 |