
Internal Audit Annual Assurance Report - Summary Report

Committee considering report: Governance and Ethics Committee on 30 July

Portfolio Member: Councillor Rick Jones

Date Portfolio Member agreed report: 12 July 2018

Report Author: Julie Gillhespey - Audit Manager

Forward Plan Ref: GE3330

1. Purpose of the Report

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Audit Manager to make a formal annual report to those charged with governance within the Council.

2. Recommendation

- 2.1 That the Governance and Ethics Committee note the contents of the report.

3. Implications

- 3.1 **Financial:** None
- 3.2 **Policy:** None
- 3.3 **Personnel:** None
- 3.4 **Legal:** None
- 3.5 **Risk Management:** Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and procedures and making recommendations to provide mitigation and improve service delivery processes.
- 3.6 **Property:** None
- 3.7 **Other:** None

4. Other options considered

- 4.1 None, the Public Sector Internal Audit Standards (PSIAS) require an annual report to be prepared.

Executive Summary

5. Introduction / Background

- 5.1 The PSIAS require the Audit Manager to make a formal report annually to those charged with governance in the Council. The report is required to include an opinion on the Council's governance, risk management and internal control framework, which in turn supports the Annual Governance Statement.
- 5.2 The audit opinion is based upon the assurance work undertaken during the year; knowledge gained from previous assurance work; as well as intelligence gained from other sources of assurance, both internal and external, for example, Ofsted and the Council's Finance and Governance Group.

5.3 Purpose of the Audit Manager's Annual Assurance Report

To provide:-

- (1) An opinion on the Council's governance, risk management and control environment;
- (2) Information to support the opinion given;
- (3) A summary of the work undertaken compared with planned;
- (4) Performance of the Internal Audit Team;
- (5) A statement as to whether the work of the Audit Team complies with the PSIAS.

5.4 Assurance Opinion

- (1) The Audit Manager can provide reasonable assurance that the governance, risk management and control framework remains robust. There were audits that were deemed to have weak or very weak systems of control, these are in the minority which has been the case in previous years. Work on key financial systems has concluded that they are well controlled.
- (2) All but one of the very weak and weak audits were service-specific. Therefore, the possible impact of the weaknesses identified would be restricted to those service-specific operations. There was only one corporate audit deemed to be very weak, which was the review of the Asset Management Strategy.
- (3) There was one follow-up review where progress to implement the recommendations was deemed to be unsatisfactory; this was the Management of Archiving of Council Records. This was a corporate review, therefore the weaknesses impacted across the Council. The key risk identified was continuing to pay for storage when it was no longer needed. For context, the overall value of the annual cost is very low, therefore the possible impact of the risk is also very low.

5.5 Performance of the Audit Team

The team has a service performance indicator to achieve 80% of the audit plan. For 2017-18 the actual result was 85%. This is in line with the result achieved for the previous year which was 86%.

6. Proposal

- 6.1 For the Governance and Ethics Committee to note the content of this report.

7. Conclusion

- 7.1 The Audit Manager's annual audit opinion is that reasonable assurance can be provided that the Council's governance, risk management and control framework remains robust.

8. Appendices

- 8.1 Appendix A – Data Protection Impact Assessment – N/A
- 8.2 Appendix B – Equalities Impact Assessment – N/A
- 8.3 Appendix C – Supporting Information
- 8.4 Appendix D – Audit Work in Progress as at 31st March 2018
- 8.5 Appendix E – Audit Work Completed for the Second Half of 2017/18.

Appendix A

Data Protection Impact Assessment – Stage One

The General Data Protection Regulations require a Data Protection Impact Assessment (DPIA) for certain projects that have a significant impact on the rights of data subjects.

Should you require additional guidance in completing this assessment, please refer to the Information Management Officer via dp@westberks.gov.uk

Directorate:	
Service:	
Team:	
Lead Officer:	
Title of Project/System:	
Date of Assessment:	

Do you need to do a Data Protection Impact Assessment (DPIA)?

	Yes	No
Will you be processing SENSITIVE or “special category” personal data? Note – sensitive personal data is described as “data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person’s sex life or sexual orientation”	<input type="checkbox"/>	<input type="checkbox"/>
Will you be processing data on a large scale? Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both	<input type="checkbox"/>	<input type="checkbox"/>
Will your project or system have a “social media” dimension? Note – will it have an interactive element which allows users to communicate directly with one another?	<input type="checkbox"/>	<input type="checkbox"/>
Will any decisions be automated? Note – does your system or process involve circumstances where an individual's input is “scored” or assessed without intervention/review/checking by a human being? Will there be any “profiling” of data subjects?	<input type="checkbox"/>	<input type="checkbox"/>
Will your project/system involve CCTV or monitoring of an area accessible to the public?	<input type="checkbox"/>	<input type="checkbox"/>
Will you be using the data you collect to match or cross-reference against another existing set of data?	<input type="checkbox"/>	<input type="checkbox"/>
Will you be using any novel, or technologically advanced systems or processes? Note – this could include biometrics, “internet of things” connectivity or anything that is currently not widely utilised	<input type="checkbox"/>	<input type="checkbox"/>

If you answer “Yes” to any of the above, you will probably need to complete [Data Protection Impact Assessment - Stage Two](#). If you are unsure, please consult with the Information Management Officer before proceeding.

Appendix B

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:***
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;***
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; This includes the need to:***
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;***
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;***
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.***
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.***
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”***

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	
Summary of relevant legislation:	
Does the proposed decision conflict with any of the Council's key strategy priorities?	
Name of assessor:	
Date of assessment:	

Is this a:		Is this:	
Policy	Yes/No	New or proposed	Yes/No
Strategy	Yes/No	Already exists and is being reviewed	Yes/No
Function	Yes/No	Is changing	Yes/No
Service	Yes/No		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	
Objectives:	
Outcomes:	
Benefits:	

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Age		
Disability		
Gender Reassignment		
Marriage and Civil		

Partnership		
Pregnancy and Maternity		
Race		
Religion or Belief		
Sex		
Sexual Orientation		
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	Yes/No
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	Yes/No
Please provide an explanation for your answer:	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name:

Date:

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.