



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 16 JUNE 2021

SUBJECT: INTERNAL AUDIT ANNUAL REPORT – 2020/21

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)

1. REASON FOR REPORT

- 1.1 To provide Committee with a copy of the Internal Audit Annual Report for the year ended 31 March 2021, together with the Internal Audit Manager's opinion on the adequacy and effectiveness of the council's system of internal control.
- 1.2 This report is submitted to Committee in terms of the Council's scheme of administration, paragraph III (I) (9) - considering the annual assurance statement provided by Internal Audit on the Council's control environment.

2. RECOMMENDATION

- 2.1 **It is recommended that Committee considers and notes the contents of the annual report (Appendix 1) and seeks clarification on any matters relating thereto.**

3. BACKGROUND

- 3.1 The Public Sector Internal Audit Standards applicable to local government require the Internal Audit Manager to deliver an annual internal audit opinion and report for use by the organisation to inform its governance statement. The governance statement is published with the annual accounts and draws on a wide range of sources to report on how the council is managed and controlled.
- 3.2 It is proposed that the Committee considers the contents of the annual report which provides a commentary on internal audit activity during the year and the opinion on the Council's control environment. The situation this year is complicated by the reference to a 'limitation of scope' given the restrictions on audit work in certain areas of the council, albeit this was partly offset by Internal Audit having oversight of significant funding streams introduced specifically in response to the pandemic.

3.3 The report covers the year to 31st March 2021 and is provided as **Appendix 1**.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Internal Audit assists the organisation to secure the control environment and provision of this annual report supports the Council's commitment to effective and accountable governance arrangements.

(b) Policy and Legal

The report supports the requirement under the Public Sector Internal Audit Standards to deliver an annual opinion and report for use by the council to inform its governance statement.

(c) Financial Implications

No financial implications.

(d) Risk Implications

Audit work mitigates the risks arising as a consequence of inadequate internal control systems.

(e) Staffing Implications

No implications.

(f) Property Implications

No implications.

(g) Equalities/ Socio Economic Impact

An Equality Impact Assessment is not needed because the report refers to the regulatory framework of the council.

(h) Consultations

The Chief Financial Officer and the Monitoring Officer have been consulted given the additional guidance which calls for consideration of the impact of the pandemic on the ability of Internal Audit to provide an opinion on the internal control environment.

5. CONCLUSION

5.1 The Internal Audit Annual Report has been prepared in line with the requirements of the Public Sector Internal Audit Standards and provides a summary of the conclusions from internal audit work completed during the year to inform the audit opinion on the internal control environment operating within the Council.

Author of Report:

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Background Papers:

Internal Audit Reports and Working Paper Files

Ref:

SPMAN-1042990102-61