



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No:
31 JULY 2020	PUBLIC REPORT

INTERNAL AUDIT: ANNUAL AUDIT OPINION 2019 / 2020

1.0 PURPOSE

- 1.1 Internal Audit look to provide assurance to the Audit and Governance Committee that activities undertaken across the Combined Authority are appropriately managed, monitored and delivered in accordance with set governance, controls and risk management frameworks. This report sets out how Internal Audit has supported the Committee in 2019 / 2020.
- 1.2 The Annual Audit Opinion provides details of the performance of Internal Audit during 2019 / 2020 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise the risk to the Combined Authority.

<u>DECISION REQUIRED:</u>
Lead Officer and Author: Steve Crabtree, Peterborough City Council
The Audit and Governance Committee is recommended to: 1...Consider and endorse the attached Annual Report and Opinion from Internal Audit for the year ended 31 March 2020

2.0 INTERNAL AUDIT OPINION (Appendix 1)

- 2.1 Public Sector Internal Audit Standard PSIAS 2459, requires the Chief Audit Executive (CAE), the lead auditor providing the service, to provide an annual report to the Audit and Governance Committee timed to support the Annual Governance Statement. This report includes:
- An annual opinion on the adequacy and effectiveness of governance, risk and control framework (the control environment); and

- A summary of audit work performed from which the opinion is derived including any reliance placed on works by other assurance bodies.

2.2 In addition, the PSIAS require the CAE to confirm to the Audit and Governance Committee at least annually, the organisational independence of the internal audit activity. In the context of PSIAS, “opinion” means that Internal Audit will have done sufficient, evidenced work to form a supportable conclusion about the activity it has examined.

2.3 In preparing the opinion, the CAE has reviewed all audit activities carried out relating to 2019 / 2020. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified. Where systems have fallen below expected standards, details of these have been identified within the report. Furthermore, ongoing internal performance indicators are monitored and their level of achievement, or otherwise, are included for information purposes.

2.4 The overall conclusion based on our work for CPCA is that:

- ***I am satisfied that sufficient quantity and coverage of Internal Audit work and other independent assurance work has been undertaken to allow me to draw a reasonable conclusion on the adequacy and effectiveness of the Authority’s risk management, control and governance processes. In my opinion the CPCA has adequate systems of internal control in place to manage the achievement of its objectives. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes. Notwithstanding my overall opinion, Internal Audit’s work identified a number of opportunities for improving control procedures which management has accepted and are documented in each individual audit report.***

2.5 From the works undertaken it can be demonstrated that governance arrangements in place are embedding across the CPCA. Where weaknesses have been identified previously the CPCA has taken on board the recommendations made by Internal Audit and have addressed the agreed actions. We have also not identified, not been informed of any significant issues which would have a material impact on our works / conclusions.

3.0 FINANCIAL IMPLICATION

The cost of providing Internal Audit is reflected in the SLA in place between the Combined Authority and Peterborough City Council and is based upon the provision of 150 days.

4.0 EQUALITIES IMPLICATION

None.

5.0 APPENDICES

Appendix 1: Internal Audit Opinion 2019 / 2020

<u>Source Documents</u>	<u>Location</u>
Included as part of the Appendices	Attached