



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No:
19 JULY 2019	PUBLIC REPORT

INTERNAL AUDIT: ANNUAL AUDIT REPORT AND OPINION 2018 / 2019

1.0 PURPOSE

- 1.1. This report is submitted to the Audit and Governance Committee and provides details of the performance of Internal Audit during 2018 / 2019 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the Combined Authority.

<u>DECISION REQUIRED</u>	
Lead Officer:	Steve Crabtree, Peterborough City Council
The Audit and Governance Committee is asked to consider and endorse the attached Annual Report and Opinion from Internal Audit for the year ended 31 March 2019.	

2.0 BACKGROUND

- 2.1. Public Sector Internal Audit Standard, PSIAS 2450, 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 must include:
- An annual audit opinion on the overall 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 work 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 2018 / 2019. 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.*

3.0 FINANCIAL IMPLICATIONS

3.1. The cost of undertaking Internal Audit activities is contained within the charges contained within the CPCA’s budget and set out in the Service Level Agreement.

4.0 LEGAL IMPLICATIONS

4.1. The Accounts and Audit Regulations 2015, Regulation 5, requires a relevant Authority to undertake an effective internal audit to evaluate the effectiveness of

its risk, control and governance processes, taking into account public sector internal auditing standards or guidance.

5.0 SIGNIFICANT IMPLICATIONS

5.1. None.

6.0 APPENDICES

6.1. Appendix 1: Annual Audit Opinion

<u>Source Documents</u>	<u>Location</u>
List background papers:	