



Committee report

Committee	AUDIT COMMITTEE
Date	25 SEPTEMBER 2017
Title	INTERNAL AUDIT PROGRESS AND ANNUAL OPINION REPORT
Report of	CHIEF INTERNAL AUDITOR

EXECUTIVE SUMMARY

1. This report introduces the performance report from the council's internal audit provider against the 2016/17 audit plan and the annual audit opinion. It provides executive summaries of all reports completed during the year along with four high risk areas that have not been previously reported for members to note.
2. The council manager responsible for the areas subject to the high risk areas will be attending the committee meeting today, to respond to questions from committee members on those reports.

BACKGROUND

3. This report is about the performance against plan and annual audit opinion for 2016/17. The report at Appendix A provides details of the annual opinion and work carried out during 2016/17 in order to provide the opinion.
4. The 'high' risk areas, for Highways PFI, Key Financial Systems (Payroll), Pan Meadows and Payment Card Industry - Data Security Standards (PCI DSS), are reproduced in full, at Appendix B. The relevant service Directors and leads have been invited to attend today's meeting to provide clarification of the findings of the report and to bring members up to date on the latest position.

STRATEGIC CONTEXT

5. The reviews undertaken by internal audit are an important part of the council's governance arrangements and are directed at ensuring that the council's system of control is effective in helping to deliver the council's objectives.

CONSULTATION

6. All internal audit reports are considered in draft by those who have been involved in the review, giving them the opportunity to correct any factual errors and to comment on the practicality of any recommendations. All findings and recommendations can therefore be described as 'agreed'.

FINANCIAL / BUDGET IMPLICATIONS

7. There are no direct financial implications of this progress report. Some of the recommendations from internal audit may require additional resources which will be part of the consideration when implementing recommendations. Unless the recommendations are significant, services are expected to meet the cost from existing budgets.

LEGAL IMPLICATIONS

8. The Accounts and Audit Regulations 2015 require that local authorities undertake an adequate and effective internal audit of their accounts and internal control.

EQUALITY AND DIVERSITY

9. The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

RISK MANAGEMENT

10. The key risk associated with this report is that the outcomes of internal audit reviews are ignored. Internal audit is an opportunity for weaknesses in control processes to be identified and for them to be highlighted to members.

RECOMMENDATION

11. To receive the progress report of the council's internal audit provider and consider where any further information or action is necessary.
12. To consider the issues identified in the high risk report, and to seek reassurance that actions are being undertaken to address the findings.

APPENDICES ATTACHED

13. [Appendix A](#) – Internal Audit Annual Opinion report.
14. [Appendix B](#) – Internal audit reports for the high risk 2016/17 areas.

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