



Appendix 1

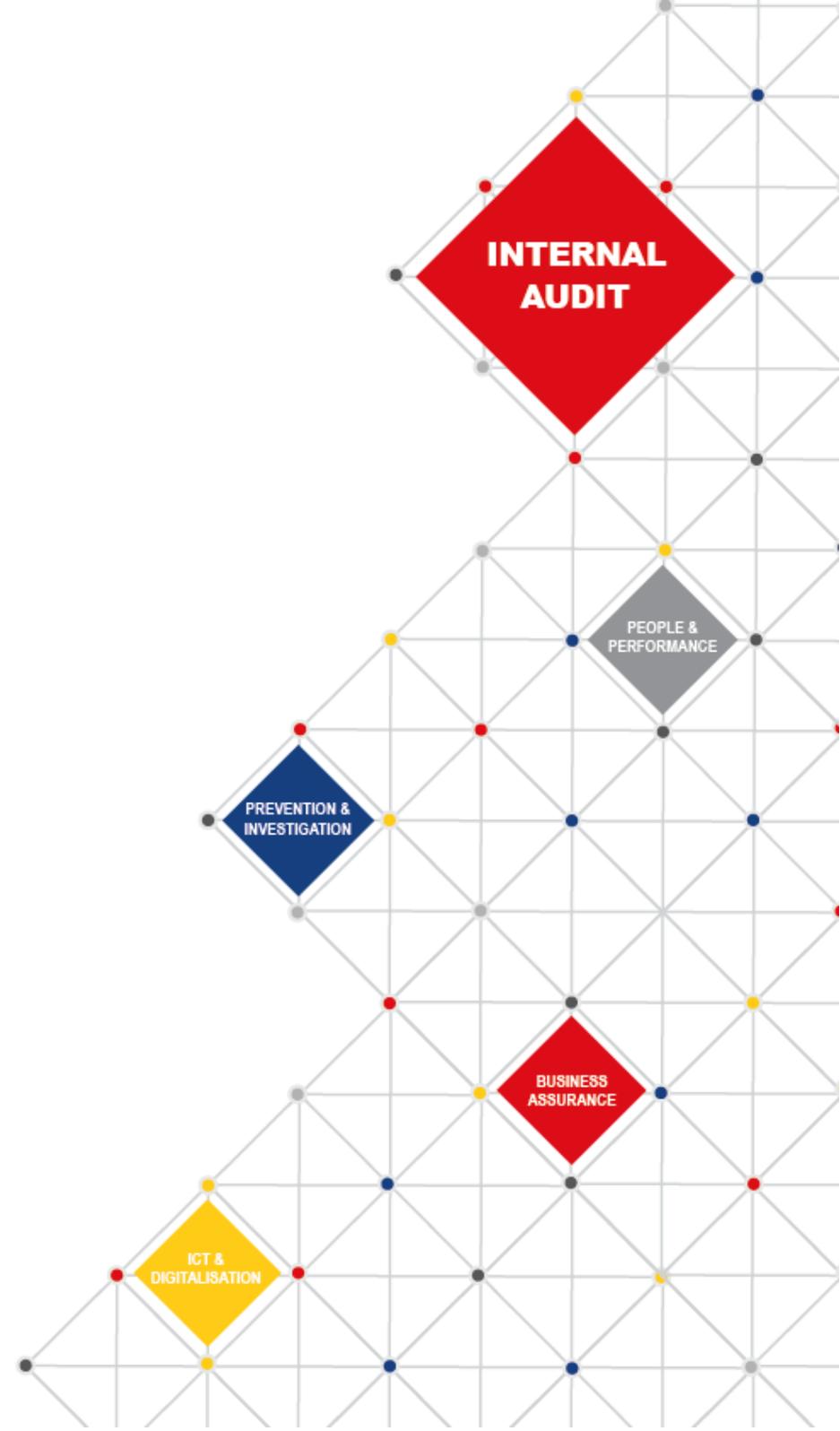
South Lakeland District

Internal Audit Annual Report

March 2019

FINAL

2018/19



Internal Audit Annual Report

INTRODUCTION

This is the 2018/19 Annual Report by TIAA on the internal control environment at South Lakeland District Council. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, South Lakeland District Council has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the South Lakeland District Council from its various sources of assurance.

INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2018/19 Annual Audit Plan approved by the Audit Committee was for 190 days of internal audit coverage in the year. During the year there were no changes to the Audit Plan, although the audit of DFG Grants did not take place as the Council did not draw down any of the additional Disabled Facilities Grant (DFG) funding which was made available in the Autumn Budget 2017.

All the planned work has been carried out and the reports have been issued (Annex A).

There was no work carried out which was in addition to the work set out in the Annual Audit Plan.

ASSURANCE

TIAA carried out 12 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	2	3
Reasonable Assurance	10	8
Limited Assurance	-	1
No Assurance	-	-

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2018/19.

Urgent	Important	Routine
-	22	19

AUDIT SUMMARY

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no' assurance.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed	-	11	4
Compliance	-	11	15
Operational	-	-	-
Reputational	-	-	-

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
8

INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

PERFORMANCE AND QUALITY ASSURANCE

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	83%
Compliance with Public Sector Internal Audit Standards	100%	100%

Two out of twelve reports were not finalised within 10 days of receipt of management comments; this was due to clarification being required on management responses.

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent five year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

RELEASE OF REPORT

The table below sets out the history of this Annual Report.

Date Report issued:	25 th March 2019
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Annexes

Annex A

Actual against planned Internal Audit Work 2018/19

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Homelessness	Assurance	15	15	Reasonable	
Business Continuity	Assurance	10	10	Substantial	
Use of Agency, Interim and Casual Workers	Assurance	15	15	Reasonable	
DFG Grants	Assurance	5	0	N/A	Review not required – additional DFG Funding was not drawn down.
Information Governance	Assurance	15	15	Reasonable	
Customer Connect	Appraisal	10	10	Reasonable	
Cyber Security	Assurance	8	8	Reasonable	
Procurement	Assurance	15	15	Reasonable	
Budgetary Control	Assurance	10	10	Reasonable	
Treasury Management	Assurance	10	10	Substantial	
Health & Safety – Property Risks	Assurance	15	15	Reasonable	
Housing Benefit	Assurance	20	20	Reasonable	
Debtors	Assurance	10	10	Reasonable	
Follow-up	Follow up	12	12		
Audit Management	Management	20	20		
	Total Days	190	185		