

Report to Audit and Governance Committee



Date of Meeting	23 rd June 2020
Portfolio	Cabinet Member for Resources
Report Author	Ian Corbridge
Public/Private Document	Public

Internal Audit Annual Report 2019/20

Executive Summary

1. This report summarises the work of Internal Audit during 2019/20 and presents the Head of Internal Audit's opinion on the effectiveness of the Council's overall control environment, governance and risk management for 2019/20.

Of the 96% of the planned audit work that was completed during 2019/20, audit assurance opinions issued on the adequacy of the internal controls were recorded as 'adequate' or 'substantial' in 97% of cases. Two audits were awarded a 'limited' assurance opinion. Whilst these did not relate to the programme of material financial system audit reviews, a lack of compliance was identified in relation to the Council's Key Decision processes which focus on access to information for Councillors and members of the public in relation to significant transactions. This therefore led to an impairment of overall transparency of the proposed procurement processes to Councillors and inhibited the potential for challenge or call in through the scrutiny process. A comprehensive action plan has been agreed by management to address all the issues highlighted in a timely manner.

On this basis the Head of Internal Audit concluded that, with the exception of the lack of compliance with the Council's Key Decision processes, an adequate level of assurance can be given that the Council's overall framework of governance, risk management and control remains appropriate and has been complied with.

Recommendation

2. To note the findings, conclusions and the overall opinion expressed by the Head of Internal Audit.

Reason for Recommendation

3. The findings and overall opinion of the Head of Internal Audit form a key element of the assurance provided to Members to enable them to approve the Annual

Key Points for Consideration

4. The role and scope of Internal Audit

4.1 The Internal Audit function discharges the statutory responsibilities delegated to the Chief Finance Officer through Section 151 of the Local Government Act 1972 and the Accounts and Audit (England) Regulations 2015 to undertake an effective internal audit of the Authority's accounting records and of its system of internal control. The overall aims of Internal Audit are to provide an independent and objective opinion to management on the effectiveness of the Council's overall control environment, governance and risk management by:

- reviewing the adequacy of and identifying improvements in the Council's systems;
- adding value by identifying improvements in the use of resources;
- helping embed a culture of appropriate risk management; and
- supporting corporate aims and objectives.

4.2 The risk based approach by Internal Audit is now well developed, taking account of the wider business risk, performance management and developments in risk management and corporate governance. Rochdale Council's Internal Audit function works in accordance with and conforms to the Public Sector Internal Audit Standards 2016 (PSIAS).

Review of work carried out in 2019/20

4.3 Internal Audit prepares an Annual Audit Plan of work to be carried out. This is based on the outcomes of extensive consultation, the Internal Audit Strategic Plan which details all potential areas at a corporate level and across all service areas within RBC and all related risk registers. The draft plan is discussed with Directors and their Service Management Teams (SMT). It is agreed by the Chief Finance Officer and approved by the Audit and Governance Committee.

4.4 The key components of the actual audit work undertaken in 2019/20 compared to the original audit plan and the actual audit work undertaken in 2018/19 are summarised below.

Type of Audit Work undertaken	Actual 2018/19		Plan 2019/20		Actual 2019/20	
	Days	%	Days	%	Days	%
Governance and Strategic Framework	139	10	152	11	149	11
Material Systems	144	11	135	10	137	10
Major Contracts, Partnerships and Procurement	140	10	160	12	211	15
Information Governance and Computer Audit	87	6	128	10	113	8
Schools	120	9	145	11	168	12
Other Systems	500	36	338	25	355	26
Audit Planning and Consultation	18	1	16	1	24	2
External Organisations Work	36	3	32	2	53	4
Unplanned Work						
- Fraud & Irregularity	47	3	100	9	86	6
- Non – Fraud	154	11	100	9	75	6
TOTAL	1,385	100	1306	100	1371	100

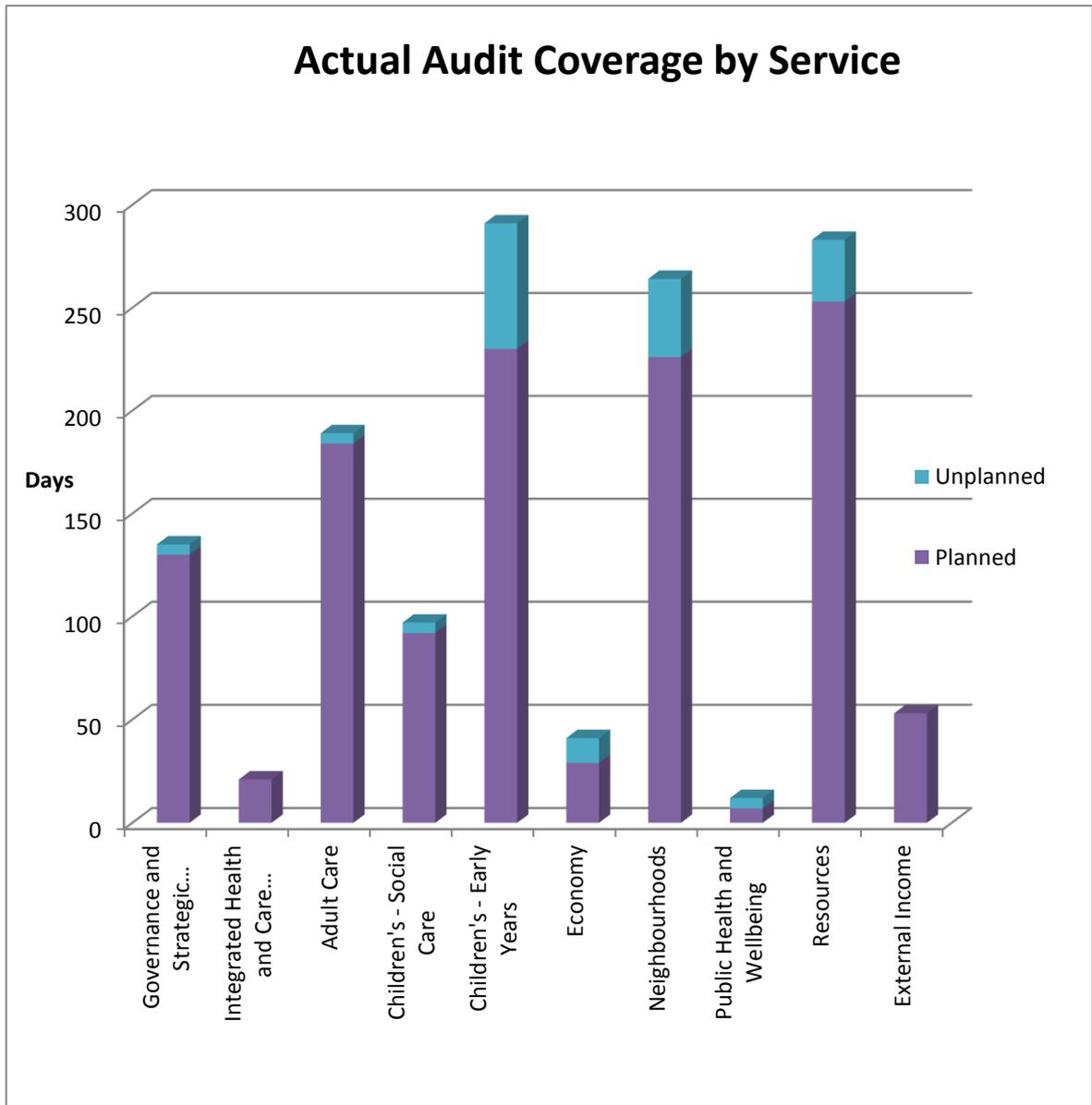
4.5 In order to respond to changes within Services, a number of adjustments were made to the audit plan during the year at the request of and in consultation with Services and members of the Audit and Governance Committee. In this regard certain audits were deferred until 2020/21 in order to accommodate other audits focusing on emerging risks which assumed greater priority in terms of providing assurance on the overall control environment. In other areas, audits were deferred due to the fact that planned developments within Services had not yet taken place. The flexibility built into the audit planning process reflects the need to respond to the changing structures and risks inherent in a period of ongoing change for the Council. No audits that were deferred had any significant impact on providing this assurance. A summary of the outcomes of all audits included within the agreed Audit Plan is included within Appendix 1.

4.6 The key points to note when comparing actual days to plan in 2019/20 and actual days in 2018/19 are:

- The amount of time spent on areas relating to governance and the strategic framework continued to represent a core part of Internal Audit activity, reflecting the fact that more focus is directed towards high risk areas which have an impact right across the Authority;
- The amount of time spent reviewing material systems continues to reflect the significant focus now being directed towards more in depth audits of the key financial systems, with scope and coverage varying on a cyclical basis depending upon the issues found during the course of each year;
- The significant amount of time spent on major projects and procurement reflects the increased risks associated with this area in the current challenging economic climate and the period of significant change. Particular focus continues to be directed towards commissioning arrangements as new business models emerge within the integration of health and social care services, and also towards compliance with contract procedure rules and other associated regulations;
- Time spent on computer audit areas was directed towards ensuring compliance with the Public Services Network, which is crucial to ongoing connectivity with key government systems, and seeking audit assurance on ICT system developments which support transformational change within Services, as well as areas such as information governance, ICT resilience and policy compliance;
- Additional time was spent on external organisations work as Internal Audit was able to generate some additional external income through work undertaken for various schools; and
- The time spent on school audits remains at a relatively high level in order to provide senior management with ongoing assurance on the controls in place across this sector, which has responsibility for significant amounts of funding.

Summary overview of audit coverage in 2019/20

- 4.7 The diagram below illustrates the audit coverage within each Service during 2019/20. Details of final reports issued have been reported on a quarterly basis during the year to the Audit and Governance Committee as part of the governance framework.



Audit opinions in audit reports

- 4.8 In each Internal Audit report, Internal Audit provides a clear audit assurance opinion on how effectively risks are being managed in the area under review. These opinions are as follows:

Assurance Opinion	Explanation
Limited	A number of key risks are not managed effectively. The control systems in operation are in need of significant improvement.
Adequate	The control systems in operation are generally sound. However, opportunities exist to improve the management of some risks.
Substantial	There is a sound system of control in operation to manage risks effectively.

- 4.9 Set out in the table below is a summary of Audit Opinions issued in relation to reviews within Services during the year 2019/20.

	Substantial	Adequate	Limited	Total (2019/20)	Total (2018/19)
Integrated Care and Commissioning	2	0	0	2	2
Adult Care	3	4	1	8	6
Children's Services – Social Care	2	1	0	3	2
Children's Services – Early Help	12	11	1	24	16
Economy	0	1	0	1	3
Neighbourhoods	5	9	0	14	15
Public Health and Wellbeing	0	0	0	0	3
Resources	2	7	0	9	15
Total (2019/20)	26	33	2	61	62
<i>Total (2018/19)</i>	34	27	1	62	

The figures in the table above do not represent the full value of work undertaken within the Authority's Services. Unplanned work (including fraud and irregularity) and advice and support do not generally result in an audit opinion and are not therefore represented in the above figures.

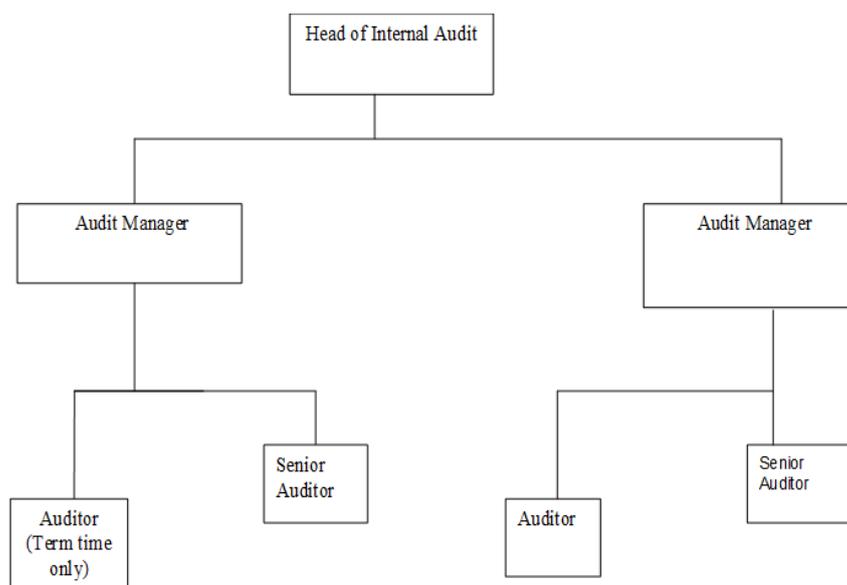
The use of formal audit opinions on internal controls in audit reports continues to be well received by Services and Members as a concise way of summarising the audit outcome. Overall, 43% of the assurance opinions issued were "Substantial" (55% in

2018/19) and 54% were “Adequate” (44% in 2018/19).

A summary of the issues and actions arising from audits receiving a “Limited” assurance audit opinion is included in section 4.12 to 4.14 below. All such reports have been discussed with members of the Audit and Governance Committee during the course of the year and any subsequent follow up work on audit reports is also reflected in the summary of follow up audits included within each quarterly Internal Audit report.

Internal Audit staffing

4.10 The structure of the Internal Audit team throughout 2019/20 was as set out below:



4.11 During 2019/20 the Head of Internal Audit also had responsibility for Risk Management and Counter Fraud with the Risk Manager and Counter Fraud Team Leader reporting directly to the Head of Internal Audit. Furthermore, the Insurance function also reports directly into the Risk Manager and therefore comes within the overall responsibility of the Head of Internal Audit. As set out within the Internal Audit Charter, any internal audit conducted in these areas with a view to providing assurance will be led by an Audit Manager reporting directly into the Chief Finance Officer in order to maintain the independence of views expressed by Internal Audit. The possibility of such audits being covered by external peer reviews from within the North West Chief Audit Executive Group is also a further option that can be utilised in the future.

Audit reviews with a limited assurance audit opinion

4.12 Any reports which include significant issues or control weaknesses during the course of the year are brought to the attention of members of the Audit and Governance Committee for discussion. This will ensure that appropriate actions are taken to resolve these issues in a timely manner. Only one audit report with a limited assurance opinion was issued during 2019/20. Internal Audit has also completed follow up audits to confirm the implementation of actions arising from significant weaknesses highlighted in previous periods. The key issues arising which have been taken account of in terms of deriving an overall opinion on the effectiveness of the control environment are set out below.

4.13 Key Decisions and Exemptions from Contract Procedure Rules *(Director – Adult Social Care)*

A request was made by Adult Care management to provide assurance that Council policies and procedures are being complied with in respect of contract exemptions and that the Key Decision Framework is being adhered to. The audit focused on a sample of exemptions, modifications and Project Initiation Documents within Adult Care.

The results of the audit concluded that the Adult Care service did not comply with statutory regulations and Council Constitution on taking Key Decisions due to a significant value of expenditure within Adult Care not being designated as a Key Decision. This area of non-compliance is focused on access to information for Councillors and members of the public in relation to such Key Decisions. This therefore leads to an impairment of overall transparency of the proposed procurement process to Councillors and inhibits the potential for challenge or call in through the scrutiny process.

Additional audit work was then undertaken to review all contracts over the past 3 years which may have fallen within the definition of a Key Decision. This confirmed that non-compliance with the Key Decision process was not confined to Adult and Public Health Services but did extend to other Directorates. However the audit did confirm that no significant issues were identified in relation to other elements of key governance processes within the procurement processes reviewed by Internal Audit.

In order to address the issues identified, management developed a comprehensive action plan containing measures which will not only resolve the issues within Adult Care but will also have a wider corporate impact to ensure governance processes are further supported and enhanced in all Directorates going forward. Management agreed that all actions will be complete by 31 July 2020, with a number of the actions already now in place, and Internal Audit will continue to monitor progress to ensure timely completion, providing updates to Members as considered appropriate.

4.14 Primary School *(Assistant Director – Early Help and Schools)*

In March 2020 an audit was undertaken on a primary school which highlighted weaknesses in fundamental internal controls and a limited assurance opinion was given. A substantial number of recommendations were made, including 9 of high priority and 8 of medium priority, to address improvements that needed to be made to the system of internal control to ensure it aligns with best practice.

The high priority actions agreed were associated with the need to significantly improve governance processes relating to the procurement of services provided to the school, the selection of suppliers, the approval of payments and certain safeguarding measures associated with contracted workers attending the school.

Further issues were identified which contributed to our opinion and from which an action plan was derived, including the following:

- Ensuring the approval of key decisions, policies and other relevant documents were appropriately documented within the Governing Body minutes;
- All key financial policies are subject to ongoing review and approval by the Governing Body;
- More detailed budget monitoring reports should be made available to ensure Governors fulfil their financial management responsibilities more effectively;
- A formal Development Plan should be developed and approved; and

- A written policy should be developed to provide more effective governance over the use of the school credit card.

Internal Audit will continue to monitor the progress made in relation to the agreed actions and perform a follow up audit in 2020 and confirm the status to Members.

Unplanned work

- 4.15 Unplanned work includes investigations into suspected and actual irregularities, special assignments, audits not included within the agreed Audit Plan, and general advice and support. Unplanned work accounted for 12% (2018/19 - 15%) of all productive time with suspected fraud and irregularity investigations comprising approximately 53% (2018/19 - 23%) of this. A summary of the significant unplanned work completed (i.e. resulted in a report to management and where any related disciplinary or Police related issues have been formally concluded) during 2019/20 is set out in the following paragraphs.

Significant unplanned work (suspected fraud and irregularity)

- 4.16 In addition to issues previously reported by Internal Audit to the Audit and Governance Committee during the year, it is also noted that a number of preliminary investigations were undertaken during the year as a result of allegations made either by individuals or on an anonymous basis in conjunction with the Whistleblowing Policy. These investigations resulted in a variety of outcomes including:
- No evidence could be found to support the allegations and, where the allegations were made by a known individual, direct communication was made with that individual; and
 - No evidence to support the allegations but enhancements to existing processes and controls were made to mitigate certain areas of risk in the future as identified during the investigation.

Significant unplanned work (non-fraud)

- 4.17 Other significant audit work not included in the original Audit Plan included the following reviews:

Audit	Service	Reported to A&G Committee
Charitable Organisation	Neighbourhoods	25 September 2019
Integrity Due Diligence	Neighbourhoods	16 December 2019
Exemptions	Resources	9 March 2020

Governance and risk management

Governance

- 4.18 Internal Audit assurance has been provided in various areas of governance throughout 2019/20 including the following:
- Independent evaluation of the Annual Governance Statement to ensure it aligns with Internal Audit's view on the control environment and the management of risks across the Authority;
 - Evaluation of responses from the annual Directors Governance Assurance Statement;
 - Membership and input to the Governance Board which provides an overall co-ordinating role to ensure issues and developments associated with governance are progressed and challenged in a timely manner, including the monitoring of actions set out with the Annual Governance Statement 2018/19;
 - Full review of the Anti-Fraud and Corruption Policy to ensure it remains up to date and in line with relevant guidance and legislation; and
 - Annual audit assurance provided to confirm compliance with the data protection legislation and guidance, together with the requirements of the Public Services Network.

Issues highlighted in relation to non-compliance with processes relating to key decisions and access to and transparency of such information are summarised in section 4.13.

Risk management

- 4.19 Internal Audit has continued to provide direct input into the development of the Council's risk management processes and arrangements which have included the following:
- Liaison with the Wider Leadership Team to refresh the Corporate Risk Register to ensure it remains up to date and aligned with the current structure and objectives of the Council, and continues to be reviewed and challenged on an ongoing basis;
 - Ongoing development of risk reporting protocols to ensure relevant information is fed into the quarterly Leadership Dashboard;
 - Ongoing liaison between the Head of Internal Audit and the Risk Manager to ensure that any key areas of risk emerging from Internal Audit work are communicated and considered for inclusion within relevant risk registers and any emerging Service based risks are considered as part of audit planning processes;
 - Ensuring Service risk registers continue to be challenged, reviewed and updated on an ongoing basis with appropriate support from Risk Management Groups and a network of Risk Champions covering all key Service areas;
 - The ongoing development of a joint Risk Management policy for the Heywood, Middleton and Rochdale Clinical Commissioning Group and the Council, including the agreement of a common risk scoring matrix and the intention of establishing a common risk strategy which should be in place during 2020/21; and
 - The development and implementation of a new risk management system, as part of the new Pentana performance manager system.

Processes supporting governance and risk management are continuing to develop as Council Services and structures evolve. Internal Audit will continue to liaise closely with management both to support and critically appraise these processes on an ongoing basis.

Contract audit, procurement and commissioning

- 4.20 The role of contract audit continues to develop as local authorities change methods of service delivery. In this regard, key audit activity completed in 2019/20 included:
- Reviewing procurement processes and controls to evaluate the extent of compliance with relevant rules, regulations and best practice, including compliance with Contract Procedure Rules and the financial appraisal of tenderers;
 - An evaluation of commissioning of external placements within Children's services;
 - An evaluation of STAR Quality Management Systems;
 - A review of the new vendor request process;
 - Compliance reviews relating to various Service based contractual arrangements;
 - Monitoring the development of integrated commissioning arrangements as part of the integration of health and social care services;
 - A review of the effectiveness of the Town Centre Programme Management Board;
 - An evaluation of the arrangements for dealing with procurement related contracts which are approaching expiry dates; and
 - Reviewing processes and controls associated with procurement exemptions.
- 4.21 Various audits were completed to meet the terms of certain external grant funding contracts and therefore provide assurance that expenditure was in line with the terms of the grant funding arrangements. These included:
- Disabled Facilities Capital Grant Determination 2018/19;
 - Disabled Facilities Capital Grant Determination Additional Funding 2018/19;
 - Local Growth Fund Determination 2018/19; and
 - Highways Incentive funding 2020/21.

Counter fraud

- 4.22 During the year Internal Audit has continued to develop and support a fraud awareness programme as part of an ongoing commitment to promote a more proactive and cohesive approach to the prevention and detection of fraud across the Authority. More detail is included within the Internal Audit Annual Fraud Report 2019/20 presented to the Audit and Governance Committee on 23 June 2020. However specific areas covered in 2019/20 included:
- Ongoing review and update of the Anti-Fraud and Corruption Policy (AFACP) in general terms to ensure it remains relevant in the context of changes in legislation and changes within the Authority;
 - Further update and promotion of the Whistleblowing Policy which forms part of the AFACP;
 - Co-ordination of the National Fraud Initiative to ensure that all relevant stages were completed within deadlines by 31 March 2020;
 - Co-ordination of a response to the Fighting Fraud Locally Checklist, to measure the Council's culture and adherence to best practice, which was presented to the Audit and Governance Committee on 23 June 2020;
 - Liaison with Finance Service to develop areas of work using specialised software (AP Forensics) to minimise the risk of fraud within the creditor payment area; and
 - Maintaining the close links established with the Counter Fraud Team to ensure a co-ordinated approach to fraud is adopted.
- 4.23 Counter fraud work covers many areas including culture, deterrence, prevention, detection, investigation, sanction and redress. Working on the premise that

“prevention is better than cure”, Internal Audit adopt the approach that it is important to be as proactive as possible in terms of attempting to stop fraud before it occurs or to detect fraud as soon as possible. Being proactive and minimising fraud will assist in more optimal use of available resources either through reducing financial losses or more effective use of time. This approach is enhanced by the fact that the Counter Fraud Team reports directly into the Head of Internal Audit.

4.24 CIPFA issued some best practice guidance on anti-fraud measures entitled Managing the Risk of Fraud, known as the Red Book. Within criteria 4.20 of the Red Book, a challenge is made as to whether proactive exercises are undertaken in key areas of fraud risk or known systems weaknesses. Within the response of RBC to the Red Book which was previously presented to the Audit Committee, RBC confirmed compliance to this criteria in the following ways:

- Known system weaknesses are reviewed depending on the view of the associated risk and materiality; this is factored into the Internal Audit planning process;
- Other proactive work includes an external company being employed to identify potential duplicate payments;
- Use of IT data interrogation software by Internal Audit to assist in proactively identifying workplace fraud;
- The Counter Fraud Team engage in various proactive anti-fraud exercises; and
- RBC actively participates in the National Fraud Initiative (NFI), managed and co-ordinated by Internal Audit, with appropriate follow up procedures in place.

Audit performance indicators

4.25 The following targets were set as part of the continuous improvement process. The table below compares actuals for 2019/20 against the targets for 2019/20 and the actuals for 2018/19.

Performance Indicator	2018/19	2019/20		Improved?	Target achieved?
	Actual	Target	Actual		
Economy					
1. Cost per Audit Day (£)	250	260	237	YES	YES
2. Chargeable days per auditor	194	190	202	YES	YES
3. Percentage of audit plan completed	96	96	96	YES	YES
4. Percentage of draft audit reports issued within 14 days of completion of the audit	100	98	100	YES	YES
Effectiveness					
5. Percentage of recommendations accepted	100	98	100	YES	YES
6. Results of client surveys - % of marks in the top two categories (i.e. very good & good)	100	98	99	YES	YES

4.26 All performance indicators either achieved or were ahead of target for the year.

Client surveys

4.27 Client survey questionnaires are issued at the conclusion of each audit as part of Internal Audit's quality control procedures. An analysis of returns showed that overall 99% of the marks were in the good or very good category compared to 100% in 2018/19. This high level reflects the continuing efforts made by Internal Audit to consult with client managers on audit coverage, to feedback findings during the audit and to seek to continually add value and improve the quality and presentation of audit reports.

Liaison with external audit

4.28 The arrangements between external audit (Mazars) and Internal Audit are supported by regular communication to ensure proper co-ordination and liaison in respect of audit activities. Periodic meetings are held between Internal Audit and Mazars to review progress in areas covered by the respective audit plans and to exchange information on any key local issues with audit implications. This helps to mitigate the risk of any duplication in work and ensures more effective assurance is provided to those charged with responsibility for governance. In overall terms, the relationship between Internal Audit and external audit is established and works very well.

Public Sector Internal Audit Standards (PSIAS)

4.29 There is a specific requirement to confirm the conformance of Internal Audit to these standards to the Audit and Governance Committee, and also to report any such non-conformance to the Audit and Governance Committee. Furthermore, where such non-conformance impacts on the overall scope or operation of the internal audit activity, this should be disclosed within the Annual Governance Statement. The PSIAS require an external assessment to be carried out at least every five years by a qualified, independent assessor or assessment team from outside the organisation. In order to fulfil this, a Peer Review process has been established by the North West Chief Audit Executive Group. A Peer Review of RBC Internal Audit was concluded on 4 December 2017 confirming that RBC Internal Audit conforms to the PSIAS.

4.30 As a result of the internal Quality Assurance Improvement Programme, which forms a key part of the PSIAS, some ongoing actions have been identified to:

- Continue to review and challenge the QAIP in the light of experience and best practice identified through liaison with other Internal Audit teams in the North West; and
- Continue to identify training opportunities which align specifically with new and emerging challenges posed by changes within Council services and new ways of working, and which also support development needs of individual Internal Audit staff.

Other external and internal sources of assurance

4.31 Aside from the assurances provided by both Internal Audit and external audit over the adequacy of the controls in place to manage key risks, there are numerous internal mechanisms through which management are able to provide their own assurances that the risks that they have ownership of are being managed effectively.

In addition there are also assurances provided by various external bodies which are independent of the organisation. In order to recognise the contribution that these other sources of assurance have on the overall opinion of the control environment, Internal Audit has produced an Assurance Map (attached as Appendix 2) using the “three lines of defence model” as a basis for evaluating assurances over the management of the risks set out within the Corporate Risk Register. This model represents the three main levels of control/ assurance that should exist in any organisation such as Rochdale Council, namely:

- First line - the risk and control environment that management has established to control day-to-day activities;
- Second line – oversight functions that co-ordinate, facilitate and provide assurance over the risk and control environment, including policies, procedures and guidance; and
- Third line – assurance provided by bodies who are independent of the front line Services and operations, both internally (Internal Audit) and externally (such as Ofsted, CQC etc). Such assurances are generally derived from and documented in reports. Internal Audit continues to liaise with senior management in each Directorate to obtain copies of relevant reports and external assurance work programmes to confirm that no issues arise which may influence or compromise the annual opinion of the Head of Internal Audit. As a consequence, reliance has been placed on these various external assurances in forming the Head of Internal Audit’s opinion.

4.32 As this Map is designed to be a colour coded representation of the quality/ level of assurance derived from the various controls against each risk, a rating of red, amber or green has been applied by senior management based upon the guidance set out on the Map.

4.33 To complement the above, an Assurance Framework document (attached as Appendix 3) has been developed to show in more pictorial form how the core areas which contribute to overall assurance link through to the work of the Governance Board and ultimately the production and approval of the Annual Governance Statement.

Internal Audit Opinion Statement 2019/20

4.34 The Internal Audit Plan for 2019/20 has been completed in accordance with the Public Sector Internal Audit Standards. This Audit Plan comprised a range of assignments including reviews of all material financial systems, as part of our managed audit arrangements with external audit, and a range of risk and compliance based audits to provide assurance on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control.

4.35 The planned audit coverage for the year was based on an assessment of risks. Planned work has also been supplemented by ad hoc reviews in respect of suspected irregularities and other work commissioned by officers and Members of the Council, together with assurances derived from work conducted by independent review bodies and internal assurance mechanisms. Given the ongoing significant changes and risks being experienced by the Council throughout 2019/20, the Head of Internal Audit has continuously reviewed the risks associated with the Council’s operations and has allocated the necessary resources, via the Audit Plan, to form an opinion on the Council’s governance arrangements. There have not been any limitations placed on the scope of Internal Audit work completed during the year.

4.36 Of the planned audit work completed during 2019/20, audit assurance opinions issued on the adequacy of the internal controls were recorded as 'adequate' or

'substantial' in 96.7% of cases (98.3% in 2018/19). Two audits were awarded a 'limited' assurance opinion. Whilst these did not relate to the programme of material financial system audit reviews, a lack of compliance was identified in relation to the Council's Key Decision processes which focus on access to information for Councillors and members of the public in relation to significant transactions. This therefore led to an impairment of overall transparency of the proposed procurement processes to Councillors and inhibited the potential for challenge or call in through the scrutiny process. In terms of issues identified from Internal Audit work undertaken during the course of the year, it was considered appropriate to make reference to these issues within the Annual Governance Statement.

- 4.37 Whilst no systems of control can provide absolute assurance, on the basis of the work undertaken in 2019/20 covering financial and operating systems, risk management and governance, the Head of Internal Audit concluded that, with the exception of the lack of compliance with the Council's Key Decision processes, an adequate level of assurance can be given that the Council's overall framework of governance, risk management and control remains appropriate and has been complied with.

Costs and Budget Summary

5. Not applicable.

Risk and Policy Implications

6. The only implications on risk are those issues that have been highlighted by Internal Audit during the year. In this regard, these risks will be mitigated by completion of the actions agreed with management and summarised within the respective quarterly reports to this Committee.

Consultation

7. No direct consultation has been undertaken. However the outcomes from and conclusions drawn by a number of external assurance providers have been taken account of within the overall opinion expressed by the Head of Internal Audit.

Background Papers	Place of Inspection
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| 8. None | |
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