

Internal Audit Progress Report to 30 November 2022

Report of the Internal Audit Manager (Portfolio: Finance and Resources)

Recommended:

That the Internal Audit progress report be noted.

SUMMARY:

- This report sets out the Internal Audit coverage, findings and performance for 2022/23 to 30 November 2022 and summary risk profile for those areas reviewed.

1 Introduction

- 1.1 The Annual Audit Plan for 2022/23 was approved by the Audit Panel on 14 March 2022.
- 1.2 The scope of audits included in the plan enable a continuing assurance opinion to be provided on the adequacy and effectiveness of the Council's internal control framework and reflects the Council's key priorities and objectives.
- 1.3 A risk assessment has ensured that the Corporate and Service risk registers, in consultation with all Heads of Service and Senior Management, inform the plan and that the audit resource required is matched against available resources.

2 Independence and Objectivity

The Internal Audit Team's independence and objectivity has been maintained in accordance with the Public Sector Internal Audit Standards (PSIAS).

3 Performance against the Audit Plan

- 3.1 Since 1 April 2022, the Internal Audit function has made good progress against the Annual Audit Plan 2022/23 as summarised in the Internal Audit Progress Report in the Annex.
- 3.2 Of the 8 audits reported as complete in the Annex, 5 were classified as substantial assurance, 1 as limited assurance and 2 had a split assurance opinion of substantial/limited. The executive summary detail, assurance opinion and risk profiling definitions are detailed in the Annex.

All actions arising from audit reviews to date have been accepted by management and programmed for implementation. Progress on the implementation of internal audit actions agreed with management that should have been in place by 31 October 2022 is summarised in the Annex.

4 Compliance with the Public Sector Internal Audit Standards (PSIAS)

4.1 The Audit Committee received a report at the June meeting on the Internal Audit function's conformance with the Public Sector Internal Audit Standards UK. (PSIAS). A self-assessment against these standards was carried out in March 2022. The Public Sector Internal Audit Standards are a mandatory requirement, the objectives of which are to:

- (i) Define the nature of internal auditing within the UK public sector,
- (ii) Set basic principles for carrying out internal audit in the UK public sector,
- (iii) Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- (iv) Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

4.2 No areas of "partial" assurance were highlighted. There were however some areas identified where further developments could improve the efficiency and effectiveness of the team going forwards. These are being progressed during 2022-23 and included:

- Bringing the Audit Charter and Strategy to the Audit Committee to inform Members of the core principles for the professional practices of internal auditing and to obtain endorsement of any future updates. These were brought to and approved by the Audit Committee on 26 September 2022.
- Seeking opportunities for feedback on the performance of the Internal Audit Manager from the Audit Committee and Chief Executive.
- Continuing, where appropriate, to develop the use of CAATS (Computer Assisted Audit Techniques), and other methodologies in testing.
- Developing and reporting on the Internal Audit Team role in project assurance whilst ensuring independence is maintained as clearly expressed in the Audit Charter.
- Developing and embedding fraud awareness processes.

5 Corporate Objectives and Priorities

5.1 The work of the Internal Audit function supports the Council's four strategic aims for maintaining and improving quality of life in Test Valley, by ensuring that the Council makes the most of its available resources and transforms the way it works, to provide even better value for money and effective service delivery.

6 Consultations/Communications

6.1 The external auditors have been consulted on the internal audits planned coverage for 2022/23.

6.2 The Internal Audit Plan for 2022/23 has involved full consultation with senior management, service heads, external audit, and has been approved by the Audit Committee at its previous meeting.

7 Risk Management

7.1 The annual audit plan 2022/23 is based on the Council's risk registers and Internal Audit contributes towards the overall corporate governance framework of assurance.

8 Resource Implications

8.1 The Internal Audit Team sustained resource pressure during April pending the appointment of a Trainee Auditor. There is however no shortfall of actual days spent against planned days in the Annual Audit Plan at this stage.

8.2 Following restructure of the team in 2021/22 the budget savings have been retained to provide some contingency for external support where needed to enable audit coverage on the core audits or more specialised areas.

9 Equality Issues

9.1 The report is for information purposes, so the Council's EQIA process does not need to be applied.

10 Conclusion

10.1 This report outlines the work undertaken and progress against the Internal Audit Plan for 2022/23 by Internal Audit to 30 November 2022.

10.2 As at 30 November 2022 progress on the planned 2022/23 Audit Plan is on target. The procurement of additional external resource will be sought to support the delivery of the plan if needed.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1		
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