

Internal Audit Progress Report to 28 February 2023 and Draft Annual Audit Plan 2023/24

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

Recommended:

- 1. That the Internal Audit progress report be endorsed.**
- 2. That the Draft Annual Audit Plan for 2023/24 be approved.**

SUMMARY:

- The report sets out the Internal Audit coverage, findings and performance for 2022/23 to 28 February 2023 and summary risk profile for those areas reviewed. The executive summary detail, assurance opinion and risk profiling definitions are detailed in Annex 1.
- It also presents the Draft Annual Audit Plan for 2023/24 in Annex 2 which has been aligned to current risks and reflects the Council's key priorities and objectives.

1 Introduction

- 1.1 The Annual Audit Plan for 2022/23 was approved by the Audit Panel on 14 March 2022. The Draft Audit Plan for 2023/24 is shown in Annex 2 to this report.
- 1.2 The scope of audits included in the plans 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 plans 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 Annex 1.
- 3.2 Of the 9 audits reported as complete in Annex 1, 6 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 Annex 1.

All actions arising from audit reviews to date have been accepted by management and programmed for implementation.

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

- 4.1 The Audit Committee received a report at the June 2022 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 and another review is currently underway. 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 previously 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 26th 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 2023/24.
- 6.2 The Internal Audit Plan for 2023/24 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 2023/24 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 There has been 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 No equalities matters have been identified in the preparation of this report.

10 Conclusion

- 10.1 This report outlines the work undertaken and progress against the Internal Audit Plan for 2022/23 by Internal Audit to 28 February 2023.
- 10.2 As at 28 February 2023 progress on the planned 2022/23 Audit Plan is on target. It is not anticipated that additional external resource will be needed to support the delivery of the plan.
- 10.3 An Internal Audit plan for 2023/24 is presented based on the outcomes of consultation with stakeholders and an assessment of risk inherent to Council processes.

Background Papers (Local Government Act 1972 Section 100D)

None

Confidentiality

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:	2		
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File Ref:	N/A		
Report to:	Audit Committee	Date:	27 March 2023