

Internal Audit Progress Report to 29 February 2023 and Draft Annual Audit Plan 2024/25

Report of the Internal Audit Manager

Recommended:

1. That the Internal Audit progress report be endorsed.
2. That the Draft Annual Audit Plan for 2024/25 be approved.

SUMMARY:

- The report sets out the Internal Audit coverage, findings and performance for 2023/24 to 29 February 2024 and summary risk profile for those areas reviewed. The executive summary detail, assurance opinion and risk profiling definitions are detailed in Annex 1.
- The report also presents the Draft Annual Audit Plan for 2024/25 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 2023/24 was approved by the Audit Committee on 27 March 2023. The Draft Audit Plan for 2024/25 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

- 2.1 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 2023, the Internal Audit function has made good progress against the Annual Audit Plan 2023/24, as summarised in the Internal Audit Progress Report in Annex 1.

- 3.2 Of the 4 audits reported as complete in Annex 1, 3 were classified as substantial assurance and 1 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 will receive, as part of the Annual Report at the June 2024 meeting a summary 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 2023 and an external review has recently been concluded. 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.

The external review has concluded that the Council "generally conforms" to the standards. There were however areas identified where further developments could improve the efficiency and effectiveness of the team going forwards. A summary of these areas and development plan will be brought to the Audit Committee in June 2024.

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 Internal Audit Plan for 2024/25 has involved full consultation with senior management.

7 Risk Management

- 7.1 The annual audit plan 2024/25 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 has experienced resource pressure following the departure of the Senior Auditor in September. This position has now been filled with effect from 19 February. The Annual Audit Plan for 2024/25 is therefore based on a full complement of 3 FTE. The shortfall during the 2023/24 Audit Plan has been addressed with the deferral of audits as previously reported to and approved by the Audit Committee.

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 2023/24 by Internal Audit to 29 February 2024.

10.2 As at 29 February 2024 progress on the 2023/24 Annual Audit Plan is on target to complete the revised plan and all core audits to at least draft report stage by 31 March 2024. 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 2024/25 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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Report to:

Audit Committee

Date:

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