

Internal Audit Annual Report & Opinion 2021/22

Audit & Scrutiny Committee - 5 July 2022

Report of: Chief Finance Officer (Section 151)

Purpose: For information

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report sets out that the Internal Audit Annual Report & Opinion for 2022, originally scheduled to be presented to this Committee, will be delayed until the 27th September 2022. The report outlines the current status of the internal audit plan (at time of writing) and outlines the next steps.

This report supports the Council's priority of: Building a better Council

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Recommendation to Committee:

The Committee note the delay to the finalisation of the Internal Audit Annual Report & Opinion for 2021/22.

Reason for recommendation:

The report sets out the progress to date in finalising the report and opinion, including the current position and the next steps.

Position statement

- 1 The Internal Audit Annual Report & Opinion for 2021/22 was scheduled to be presented to this Committee meeting. In order for the Chief Internal Auditor to produce the report and deliver an opinion, he must be satisfied that the audit plan is materially complete and sufficient evidence has been gathered.

2 Detailed progress is set out in the *Internal Audit Progress Report (June 2022)* elsewhere on this Committee's agenda, however in summary (at time of writing):

- 94% of the audits for 2021/22 have been issued (final / draft)
- 6% of reports are due to be issued imminently.
- 61% of reports have been finalised
- 33% of reports are with management to provide actions in response to the findings, with target dates

In some cases, management are in the process of providing responses to reports which have been issued over the last 1 to 3 weeks.

Next Steps

3 The Chief Internal Auditor and the Internal Audit team in SIAP will continue to work with management to finalise the outstanding reports and form their opinion. A verbal update will be provided at the Committee meeting.

4 The report will be finalised prior to the Audit and Scrutiny Committee meeting of the 27th September 2022.

Other options considered

5 The status of outstanding reports was considered at Management Team on the 14th June 2022 and again at Extended Management Team on the 21st June 2022, to determine whether it was possible to finalise outstanding audits in time for the annual report to be published by the deadline of Monday 27th June.

6 Management Team concluded that it was more appropriate to allow adequate time for management responses to be considered properly. This approach is more likely to result in deliverable actions, which are compatible with the outputs of the Future Tandridge Programme, decisions on which are being taken at Strategy and Resources Committee on the 30th June.

Key implications

Comments of the Chief Finance Officer

7 There are no direct financial implications of delaying the production of the report and opinion. The report informs the production of the Annual Governance Statement, which is due to come to this Committee in September.

Comments of the Head of Legal Services

8 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal

auditing standards or guidance'. This annual report provides an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement. It is the senior management team's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

Appendices

None

Background papers

None

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