

# **Internal Audit Annual Report & Opinion 2022/23**

## **Audit & Scrutiny Committee Tuesday, 27 June 2023**

Report of: Chief Finance Officer (Section 151)

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Purpose: For information

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Publication status: Unrestricted

Wards affected: All

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### **Executive summary:**

This report sets out that the Internal Audit Annual Report & Opinion for 2023, originally scheduled to be presented to this Committee, will be delayed until the 26<sup>th</sup> September 2023. The report outlines the current status of the internal audit plan (at time of writing) and outlines the next steps.

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**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 2022/23.

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### **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.

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## **Position statement**

- 1 The Internal Audit Annual Report & Opinion for 2022/23 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 (May 2023)* elsewhere on this Committee's agenda, however in summary (at time of writing):
  - 53% of the audits for 2022/23 have been issued (final / draft)
  - 34% of reports are due to be issued imminently.
  - 13% of the audits are at fieldwork.

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

- 3 Key audits that need to be finalised before the Annual Report and Opinion is produced are as follows:
  - Annual Governance Statement: The fieldwork on this audit has been delayed as the Head of Legal Services is acting as Head of Service for Planning Policy and had limited capacity to progress the AGS audit.
  - Risk Management: The fieldwork on the audit has been completed and a draft report issued (within the last 3 weeks). Management are currently formulating their management actions to mitigate issues raised.
  - Health & Safety: The fieldwork on the audit is well advanced but was slightly delayed due to a combination of SIAP availability and key officer absence.

## **Next Steps**

- 4 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.
- 5 The report will be finalised prior to the Audit and Scrutiny Committee meeting of the 26<sup>th</sup> September 2023.

## **Key implications**

### **Comments of the Chief Finance Officer**

- 6 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**

- 7 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'. The 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.
- 8 It is important that sufficient work is undertaken by Internal Audit in order for the Head of Internal Audit to give their annual opinion on the Council's internal control, risk management and governance arrangements which feeds into the Annual Governance Statement. As the fieldwork for the Annual Governance Statement audit has been delayed, SIAP has been unable to complete their opinion and it is expected that a report will be presented to the next Committee meeting.

## **Appendices**

None

## **Background papers**

None

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