

<b>TITLE</b>	<b>2022/23 Internal Audit and Investigation Plan - Quarter 1 Progress Update (to 30 June 2022) and In-Year Review of 2022/23 Internal Audit and Investigation Plan (September 2022)</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 28 September 2022
<b>WARD</b>	None specific
<b>LEAD OFFICER</b>	Catherine Hickman Head of Internal Audit & Investigation

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Public assurance about the Council's risk, control and governance environment.

## **RECOMMENDATION**

The Audit Committee (AC) is asked: -

- 1) to note the 2022/23 Internal Audit and Investigation Quarter 1 Progress Report (activity to 30 June 2022).
- 2) to consider and approve the proposals for an in-year review of the 2022/23 Internal Audit and Investigation Plan.

## **SUMMARY OF REPORT**

The AC approved the 2022/23 Internal Audit and Investigation Plan at its meeting on 30 March 2022. This report at Appendix A and A(I) is provided for AC to note the progress of work as at 30 June 2022.

In addition, this report is being presented for AC to consider and approve a revised 2022/23 Internal Audit and Investigation work programme for the remainder of the financial year. The originally approved Plan has been updated to re-focus and reprioritise audit and investigation activity in light of the current economic climate and financial pressures on the council and its associated cost savings programme. The revised 2022/23 Internal Audit and Investigation Work Programme to 31 March 2022 is presented at Appendix A(II).

The recommendations are being made to ensure that the Internal Audit and Investigation Service (IAIS) remains flexible and agile in planning its work to assist the Council in meeting its statutory requirements and the requirements of the AC's Terms of Reference and, ensure an ongoing focus on key areas that will feed into the Head of Internal Audit's Annual opinion on the council's internal control, risk management and governance framework.

The Council's 2022/23 Internal Audit and Investigation Plan details the proposed Internal Audit and Investigation activity and seeks to:

- provide key stakeholders with independent assurance that the risks within the Council's fundamental systems and processes are being effectively and

efficiently managed;

- allow the Council to demonstrate that it is complying with the relevant legislation and applicable professional standards;
- demonstrate the Council's commitment to good governance and a zero-tolerance approach towards fraud and corruption; and
- set out that the Team's resources are being properly utilised.

This report: -

- Provides assurance that no new areas of less than satisfactory levels of assurance have been identified in the period;
- Sets out the proposed work plan for the remainder of the 2022/23 financial year noting the need for flexibility and careful prioritisation of activity.

Appendices A(I) and A(II) summarises the Quarter 1 Progress of activity against the 2022/23 Internal Audit and Investigation Plan (to 30 June 2022).

The proposals for a revised and reprioritised 2022/23 Internal Audit and Investigation Plan are attached at Appendix A(II).

## **2022/23 – Key Findings to date**

The AC received a detailed Internal Audit and Investigation Report at its meeting of 28 June 2022 showing progress made against the 2021/22 Internal Audit & Investigation Plan.

In this current period, the team is focused on a number of audits in progress. To date, there have been no audits finalised from the 2022/23 Plan where the audit assurance was less than level 2, however there was one audit carried forward from 2021/2022 FY where the audit assurance was less than level 2, i.e., internal controls “substantially complete and effective.”

Quarterly update reports on progress on delivering the revised Plan will be reported to the Committee in line with the Council's reporting cycle.

## **2022/23 – Internal Audit and Investigation Plan In-Year Review**

2022/23 continues to be a period of significant uncertainty as Councils are responding to the economic and financial situation and their changing risk profiles. As such, it is important for the Internal Audit and Investigation team to continue to remain agile at this time, enable flexibility and be a responsive audit function during a period of uncertainty.

During the financial year to date, there have been two staffing vacancies that have been covered by interim resource. One vacancy has now been recruited to on a permanent basis. The interim resource will cease at the end of September 2022.

As part of the council's savings proposals, the Chief Finance Officer has requested that the vacant post within the Internal Audit and Investigation team is frozen to contribute to mitigating the impact of overspends across the Council. It is intended that this is a temporary measure. As such, the original 2022/23 Internal Audit and Investigation Plan

has been reviewed and proposals have been put forward to defer a number of originally agreed audits to the 2023/24 financial year.

The revised Work programme is based on the resources available to deliver internal audit activity and to be able to provide minimal assurance over key risk areas and provide the Head of Internal Audit Annual Audit Opinion at the end of the year on the Council's internal control, risk management and governance processes. This will not impact on the work already committed with our external clients. This revised plan is attached at Appendix A(II) to this report.

The revision to the Plan has involved consultation with Corporate Leadership Team.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	Yes	N/A
Next Financial Year (Year 2)	N/A	Yes	N/A
Following Financial Year (Year 3)	N/A	Yes	N/A
<b>Other financial information relevant to the Recommendation/Decision</b>			
Not applicable			

### List of Background Papers

2022/23 Internal Audit & Investigation Plan

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<b>Date</b> 16 August 2022	<b>Version No.</b> v1

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