

<b>TITLE</b>	<b>2022/23 Internal Audit and Investigation Plan - Quarter 2 Progress Update (to 30 September 2022)</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 30 November 2022
<b>WARD</b>	None specific
<b>LEAD OFFICER</b>	Catherine Hickman Head of Internal Audit & Investigation

<p><b>OUTCOME / BENEFITS TO THE COMMUNITY</b></p> <p>Public assurance about the Council’s risk, internal control and governance environment.</p>
<p><b>RECOMMENDATION</b></p> <p>The Audit Committee (AC) is asked to note the 2022/23 Internal Audit and Investigation Quarter 2 Progress Report (activity to 30 September 2022).</p>
<p><b>SUMMARY OF REPORT</b></p> <p>The AC approved the 2022/23 Internal Audit and Investigation Plan at its meeting on 30 March 2022. The originally approved Plan has been reviewed to re-focus and reprioritise internal audit and investigation activity, at the request of the Chief Finance Officer, in light of the Team needing to contribute to the Council’s financial savings requirements in this financial year. As such, there has been a reduction in audit and investigation days for the 2022/23 financial year as a vacant Senior Auditor position has been frozen until 31 March 2022. This is to be a temporary measure. The revised 2022/23 Internal Audit and Investigation Work Programme to 31 March 2023 was agreed by Audit Committee on 28 September 2022.</p> <p>The report at <u>Appendix A</u>, with supporting <u>Appendices A(I) and A(II)</u>, is provided for AC to note the progress of work against the revised Plan as at 30 September 2022.</p> <p>These 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. In addition, to 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.</p> <p>The Council’s 2022/23 revised Internal Audit and Investigation Plan details the proposed Internal Audit and Investigation activity and seeks to:</p> <ul style="list-style-type: none"> <li>• provide key stakeholders with independent assurance that the risks within the Council’s fundamental systems and processes are being effectively and efficiently managed;</li> <li>• allow the Council to demonstrate that it is complying with the relevant legislation and applicable professional standards;</li> <li>• demonstrate the Council’s commitment to good governance; and</li> <li>• set out that the Team’s resources are being properly utilised.</li> </ul>

This report: -

- Summarises the work of the IAIS and status of the audits in the reporting period;
- Key Corporate Risks covered;
- High Risk Concerns and Follow Up activity;
- At the time of writing this report, there were four draft reports with outstanding responses. Two of those reports have now been finalised and one is being progressed with management. For the Cyber Security audit, this report has been reviewed and we are awaiting final sign off by Senior Management;
- Provides assurance that no new areas have been identified in the second quarter of the financial year where less than satisfactory levels of assurance have been given;
- Provides results of Anti-Fraud activity;
- Outlines compliance with Public Sector Internal Audit Standards.

### **2022/23 – Key Findings to date**

The AC received a Quarter 1 Progress Report at its meeting on 28 September 2022 showing progress against the 2022/23 Internal Audit and Investigation Plan as at 30 June 2022. This report supplements that one with further work progress to 30 September 2022.

In this current period, the team is focused on a number of audits in progress. To date, there have been no new audits finalised from the 2022/23 Plan or audits carried forward from the 2021/22 financial year where the audit assurance was less than level 2, i.e., internal controls “substantially complete and effective.” In Quarter 1, one audit (Debtors) had been given a Category 3 Audit Opinion and this was reported and discussed at the September AC meeting.

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

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. In order to inform that opinion, assurances will also be taken, where appropriate, from other assurance activity across the Council. There will be no impact on the work already committed with our external clients.

### **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?
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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			

<b>List of Background Papers</b>
2022/23 Internal Audit & Investigation Plan (approved by AC 30 March 2022) 2022/23 Internal Audit and Investigation Plan In Year Review (approved by AC 28 September 2022)

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