

<b>TITLE</b>	<b>2022/23 Internal Audit and Investigation Q3 Progress Report</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 13 March 2023
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers

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

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

## **RECOMMENDATION**

The Audit Committee (AC) is asked to review and scrutinise the 2022/23 Internal Audit and Investigation Quarter 3 Progress Report (activity to 31 December 2022).

## **SUMMARY OF REPORT**

This report: -

- Provides assurance that no new areas have been identified in the third quarter of the financial year where less than satisfactory levels of assurance have been given;
- Identifies the High-Risk Concerns and Follow Up activity;
- Summarises the work of the IAIS and status of the audits in the reporting period;
- Identifies the Key Corporate Risks covered;
- Confirms that at quarter end, there were 3 draft reports with outstanding responses; Reconciliation, ICT Controls (Cyber Security) and S106 Agreements. The first two reports have since been finalised and for the S106 Agreements, work has been undertaken with relevant officers to address the concerns raised and Internal Audit are reviewing progress to ensure that action agreed is being implemented;
- Provides results of Anti-Fraud activity;
- Outlines compliance with Public Sector Internal Audit Standards.

## **Background**

### **2022/23 – Key Findings to date (Quarter 3 Position)**

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 2023. 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.

The 2022/23 revised Internal Audit and Investigation Plan detailed the proposed Internal Audit and Investigation activity and sought 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
- set out that the Team’s resources are being properly utilised.

The AC received a Quarter 1 Progress Report at its meeting on 28 September 2022 and Quarter 2 Progress Report on 30 November 2022 showing progress against the 2022/23 Internal Audit and Investigation Plan to 30 September 2022. The report at Appendix A, with supporting Appendices A(I) and A(II) included, is provided for AC to note the progress of work against the revised Plan to 31 December 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.”

It should be noted that an Internal Audit review of the Council’s Self-Assessment against the CIPFA Financial Management Code was work in progress at the end of December 2022 but has progressed during early Quarter 4 and the outcome of our audit has been forwarded to the Assistant Director of Finance to inform his separate report on this subject to this Audit Committee.

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 unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.***

	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

<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) 2022/23 Quarter 1 Audit and Investigation Progress Report (AC 28 September 2022) 2022/23 Quarter 2 Audit and Investigation Progress Report (AC 30 November 2022)

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