

3 October 2024		ITEM: 9
Audit Committee		
2023/24 Annual Internal Audit Report + Head of Internal Audit Opinion		
Wards and Communities affected: All	Key Decision: Non-key	
Report of: Frankie Smith - Head of Financial Assurance, Internal Audit, Risk and Insurance		
Accountable Director: Dawn Calvert – Chief Financial Officer (s151)		
This report is: Public		

Executive Summary

This report provides a summary of the Internal Audit work completed during 2023/24. The report also includes the Head of Internal Audit’s Annual Opinion on the adequacy and effectiveness of the Council’s risk management, internal control and governance arrangements during 2023/24.

Internal Audit concludes, based on audit engagements completed during the period, that **LIMITED** assurance can be provided on the Council’s Risk Management, Internal Controls and Governance arrangements.

However, when drawing this opinion, it has been noted that a significant amount of work is currently underway to review and improve the Council’s Risk Management and Governance arrangements, in response to the Best Value Inspection report (May 2023).

The report also includes several areas for improvement, in relation to the Council’s Internal Audit and Risk Management arrangements, for inclusion in the 2023/24 Annual Governance Statement, and the mechanism for tracking, monitoring and reporting on the progress to implement these improvements.

Commissioner’s Comment:

The Finance Commissioner requested that the report provide clarity on how the areas for improvement, to be included within the 2023/24 Annual Governance Statement, relating to Council’s Internal Audit and Risk Management arrangements, will be tracked, monitored and reported to key stakeholders. Amendments to the report have been made accordingly.

1 Recommendations:

- 1.1 **The Audit Committee to note the Internal Audit Engagement Summary Reports for the period 01 March 2024 to 26 July 2024.**
- 1.2 **The Audit Committee to note the areas for improvement identified in relation to the Council's Internal Audit and Risk Management arrangements for inclusion in the 2023/24 Annual Governance Statement, and the proposed mechanisms for monitoring, tracking and reporting on implementation progress to key stakeholders.**
- 1.3 **That Audit Committee note this report as a source of independent assurance regarding the risk, internal control and governance arrangements across the Council, noting the outcomes from 2023-24 Internal Audit plan and the resultant 'LIMITED' opinion to the Annual Governance Statement.**

2. Background

- 2.1 The [Public Sector Internal Audit Standards](#) (PSIAS) states in Standard 2450 (Overall Opinions) that the Chief Audit Executive must deliver an annual report, which includes the annual audit opinion.
- 2.2 The opinion can be used by the organisation to inform its governance statement.
- 2.3 The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's risk management, internal control and governance arrangements.

3 Reasons for Recommendations

- 3.1 To meet the requirements set out in the [Audit Charter](#) and [Public Sector Internal Audit Standards](#) to prepare and present an Annual Report and Head of Internal Audit Opinion for the audit work completed during 2023/24 and for the outcomes of the opinion to be incorporated into the Council's Annual Governance Statement.

4. Consultation (including Overview and Scrutiny, if applicable)

- 4.1 The consultation on this document has included the officers / groups:
 - Internal Audit Team
 - Chief Risk Advisor
 - Chief Finance Officer (s151)
 - Monitoring Officer
 - Deputy Monitoring Officer
 - Chief Intervention Officer
 - Chair of Audit Committee
 - Senior Leadership Team
 - Finance Commissioner

5 Impact on corporate policies, priorities, performance and community impact

5.1 There is no impact on corporate policies and priorities. However, the outcomes from the Annual Opinion report should be incorporated into the 2023/24 Annual Governance Statement and can in-part provide assurance to relevant stakeholders that the Council is actively addressing the outcomes from the May 2023 Best Value Inspection report.

6 Implications

6.1 Financial

This report provides a summary of the Internal Audit work carried out during 2023/24.

There are no financial implications arising from this report. The Internal Audit function was carried out within a 2023/24 net budget allocation of £0.301m.

Implications verified by: **Jo Freeman**
Head of Financial Management
26 July 2024

Approved: Sima Khroya, Assistant Director Financial Management & Procurement, 30/07/24

6.2 Legal

There are no legal implications arising from this report. Although the outcomes from the 2023/24 Annual Report and Internal Audit Opinion, should be incorporated into the Council’s 2023/24 Annual Governance Statement.

Implications verified by: **Helen Nicol**
Assistant Director Legal & Governance and Deputy Monitoring Officer
31 July 2024

6.3 Diversity and Equality

There was no direct link to Equality, Diversity and Inclusion through the Internal Audit work completed during 2023/24.

There are no other direct diversity implications resulting from the 2023/24 Annual Internal Audit Report and Head of Internal Audit Opinion.

Implications verified by: **Rebecca Lee**
Team Manager - Community Development

6.4 Risk Management

The outcomes from the 2023/24 Annual Internal Audit Report and Head of Internal Audit Opinion provides an opinion on the adequacy and effectiveness of the Council's Risk Management arrangements (LIMITED). The report also provides an overview of the actions planned to respond to the recommendations arising from the May 2023 Best Value Inspection report in terms of improving and embedding the Council's Risk Management arrangements into all business activities and the organisational culture.

6.5 Other implications (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder and impact on Looked After Children.

None applicable.

6 Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

7 Appendices to the report

- APPENDIX A – 2023-24 Annual Internal Audit Report + Head of Internal Audit Opinion.