



Internal Audit

DRAFT

Colchester City Council

Internal Audit Annual Report

2022/23

May 2023

Internal Audit Annual Report

Introduction

This is the 2022/23 Annual Report by TIAA on the internal control environment at Colchester City Council. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS). In 2022, TIAA commissioned an External Quality Assessment (EQA) of its internal audit service. The independent EQA assessor was able to conclude that TIAA 'generally conforms to the requirements of the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)'. 'Generally conforms' is the highest rating that can be achieved using the IIA's EQA assessment model.

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. Our work also complies with the IIA-UK Professional Standards.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, Colchester City Council has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Colchester City Council from its various sources of assurance.

Internal Audit Planned Coverage and Output

The 2022/23 Annual Audit Plan approved by the Governance and Audit Committee was for 300 days of internal audit coverage in the year.

During the year there was one change to the Audit Plan and this change was approved by the Chief Executive.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A.

There was one extra day required for the additional audit (S106 Stanway Parish review) as this was done using carried forward days. The review was requested by the Chief Executive.

Assurance

TIAA carried out 19 reviews of the 23 reviews (20th review to commence in May/June 2023 and three could not be carried out due to staffing issues within the Council). The reviews were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	6	12
Reasonable Assurance	12	5
Limited Assurance	0	2
No Assurance	0	0

- *The 19th Audit is an advisory review therefore no assurance is provided.*

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2022/23. The numbers in brackets relate to 2021/22 recommendations.

Urgent	Important	Routine
1 (3)	29 (19)	21 (20)

Audit Summary

Control weaknesses: There were one area reviewed by internal audit where it was assessed that the Council is yet to carry out a proper assessment of its fraud and corruption risks and have not carried out assessments against the Fighting Fraud Corruption Locally Strategy 2020 (FFCL 2020). Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	0	8	3
Risk Mitigation	0	3	0
Compliance	1	17	16
Delivery			
Performance Monitoring	0	1	1
Sustainability	0	0	0
Resilience	0	0	1

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
1 (5)

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Release of Report

The table below sets out the history of this Annual Report.

Date Draft Report issued:	16 th May 2023
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Annexes

Annex A

Actual against planned Internal Audit Work 2022/23

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Human Resources and Payroll	Assurance	10	10	Reasonable	
Waste Management	Assurance	10	10	Reasonable	
Risk Management Framework	Assurance	12	12	Reasonable	
IT Virtual environment (New way of working)	ICT	12	0	N/A	ICT audits could not be carried out due to staffing issues.
Environmental Health	Assurance	10	10	Reasonable	
CCHL / CBC contract management and governance	Assurance	12	12	Reasonable	Draft Report issued
Accounts Receivable (Debtors) – Cash Management	Assurance	12	12	Substantial	
Homelessness/Allocations	Assurance	12	12	Substantial	
Safeguarding	Assurance	12	12	Reasonable	
Fraud and Corruption	LCFS	12	12	Advisory review	
Corporate Health and Safety	Assurance	12	12*	N/A	The Health and Safety Manager left the Council and Audit was postponed to May/June 2023
Conflict of interest (Staff working with other employers)	Assurance	12	12	Substantial	
Cyber Security	ICT	10	0	N/A	ICT audits could not be carried out due to staffing issues.
Helpline and use of CCTVs	Assurance	10	10	Reasonable	
Museums - Merged Services	Assurance	12	12	Substantial	
Parking Services Income / Partnership	Assurance	12	12	Reasonable	
Events Management	Assurance	10	10	Reasonable	

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Key Financial Control (Including key controls from Council tax and NNDR, Housing benefit)	Assurance	20	20	Substantial	
Leisure World	Assurance	12	12	Reasonable	
Carbon Reduction	Assurance	12	12	Reasonable	
Right to Buy (Joint with CBH)	Assurance	10	10	Substantial	Draft Report issued
Allocation for CCHL	Assurance	18	0	N/A	*CCHL Governance changes affected scheduling of audits
S106 Expenditure Stanway Parish	Assurance	10	10	Reasonable	*Contingency days used
Follow-up	N/A	10	10		
Annual Planning	N/A	3	3		
Annual Report	N/A	2	2		
Audit Management	N/A	11	11		
Total Days		300	260*	<ul style="list-style-type: none"> Days to be reconciled and changes reflected in the 23/24 amended Annual plan. 	