

Governance and Audit Committee

Item

7

20 June 2023

Report of

The Corporate Governance Manager

Author

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Title

Head of Internal Audit Annual Report 2022/23

Wards
affected

Not applicable

1.0 Executive Summary

1.1 The report set out in appendix 1 summarises the findings of the Internal Audit function for the financial year 2022/23.

1.2 The key messages from the report are:

- The Internal Audit contractor was able to ensure that an effective internal audit service was provided during the 2022/23 financial year.
- Eighteen audits were completed during the year.
- Six audits (33%) achieved a substantial assurance rating (previously full assurance), compared to twelve last year (63%).
- There were no limited assurance ratings, compared to two (10%) last year.
- One urgent recommendation was made, compared to three last year.

2.0 Recommended Decision

2.1 To review and comment on:

- Internal audit activity for the period 1 April 2022 to 31 March 2023.

3.0 Reason for Recommended Decision

3.1. The Accounts and Audit Regulations 2015 require that 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Internal audit is a key element of the Council's corporate governance framework. Robust implementation of audit recommendations gives assurance to members and management that services are operating effectively, efficiently and economically and in accordance with legislative requirements and professional standards.

4.0 Alternative Options

4.1 None.

5.0 Background Information

- 5.1 At the end of each financial year the audit provider produces a 'Head of Internal Audit Report'. This is the overall assurance rating for the Council and is the evidence that supports the assessment of the internal control in the Annual Governance Statement.

The report for 2022/23 states '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.'

- 5.2 Each audit is given one of four assurance ratings – substantial, reasonable, limited and no – that indicates how well the system controls are working. The assurance rating is determined primarily by the number and level of recommendations made, which are classed as urgent, important or routine. The table in appendix 2 explains the assurance and recommendation levels in more detail.

6.0 Strategic Plan Implications

- 6.1 The audit plan has been set with due regard to the identified key strategic risks to the Council and the objectives of the strategic plan to be vibrant, prosperous, thriving and welcoming. Therefore, the audit work ensures the effectiveness of the processes required to achieve the strategic objectives.

7.0 Risk Management Implications

- 7.1 The failure to implement recommendations may have an effect on the ability of the Council to control its risks and therefore the recommendations that are still outstanding should be incorporated into the risk management process.

8.0 Environmental and Sustainability Implications

- 8.1 There are no environmental or sustainability implications as a result of this report.

9.0 Other Standard References

- 9.1 There are no direct Publicity, Financial, Consultation, Equality, Diversity, Human Rights, Community Safety or Health and Safety implications as a result of this report.