



Internal Audit

DRAFT

Colchester City Council

Internal Audit Annual Report

2023/24

May 2024

Internal Audit Annual Report

Introduction

This is the 2023/24 Annual Report by TIAA on the internal control environment at Colchester City Council. The annual internal audit report summarises 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 2023/24 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.

Assurance

TIAA carried out 26 reviews during the year. 20 audits are in the annual plan, however due to the carried forward days (40 days), and additional six audits were done to use the days. 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	11	6
Reasonable Assurance	12	12
Limited Assurance	3	0
No Assurance	0	0

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 2023/24. The numbers in brackets relate to 2022/23 recommendations.

Urgent	Important	Routine
4 (1)	32(30)	18(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	5	5
Risk Mitigation	0	2	1
Compliance	2	21	9
Delivery			
Performance Monitoring	0	1	3
Sustainability	0	0	0
Resilience	2	3	0

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
2(1)

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 Report issued:	May 2024
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Annexes

Annex A

Actual against planned Internal Audit Work 2023/24

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Procurement	Assurance	12	12	Limited	
Council Tax and NNDR	Assurance	12	12	Substantial	
Business Continuity	Assurance	12	12	Reasonable	
Complaints Management (Waste Mgt)	Assurance	10	10	Substantial	
CCHL Colchester Fibre	Assurance	0	12	Substantial	Additional audit
Fleet Management and Fuel Usage	Assurance	12	12	Reasonable	
Cyber Security	ICT	10	10	To be finalised	
Contract Management	Assurance	12	12	Reasonable	
Council Governance of Subsidiary companies	Assurance	12	12	Substantial	
Leisure World	Assurance	12	12	Reasonable	
Working with Volunteers and Police	Assurance	12	12	Substantial	
Housing benefits	Assurance	13	13	Substantial	
S106 Development contribution	Assurance	0	12	Substantial	Additional review
Museums – Merged services	Assurance	12	12	Reasonable	
Key Financial Controls	Assurance	20	20	Reasonable	
CCHL Amphora and CCC Financial SLA Audit	Assurance	0	10	Reasonable	Additional review
Budgetary Control	Assurance	10	10	Reasonable	
Human Resources and Payroll	Assurance	12	12	Substantial	
Health Alliance Arrangements and Benefits to residents	Assurance	12	12	Reasonable	
CCHL Procurement	Assurance	0	12	Limited	Additional review
Safeguarding	Assurance	12	12	Reasonable	

LAD Grant Review	Assurance	0	5	Substantial	Additional review
Delivery of Housing Strategy and Outcomes	Assurance	12	12	Substantial	
Staff wellbeing and Sickness absence	Assurance	12	12	Reasonable	
Data protection (Supplier GDPR Compliance)	Assurance	0	12	Reasonable	Additional review
Housing Rent (Joint with CBH)	Assurance	12	12	Substantial	
Allocation for CCHL	Assurance	18	5		
Contingency	Assurance	10	0		
Follow-up	N/A	10	10		
Annual Planning	N/A	4	4		
Annual Report	N/A	3	3		
Audit Management	N/A	12	12		
	Total Days	300	340		