



Governance and Audit Committee

Item

11

16 January 2024

Report of

The Monitoring Officer

Author

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Title

Mid-Year Internal Audit Assurance Report 2023/24

Wards
affected

Not applicable

1.0 Executive Summary

1.1 The report set out in Appendix 1 summarises the performance of Internal Audit, and details the audits undertaken, between 1 April and 30 November 2023.

1.2 The key messages from the report are:

- The Internal Audit contractor provided an effective internal audit service during the first half of the 2023/24 financial year.
- Seven out of the sixteen audits completed have achieved a Substantial Assurance rating.
- Seven out of the sixteen audits achieved a Reasonable Assurance.
- Two of the audits completed achieved a Limited Assurance rating.
- None of the audits completed were rated as No Assurance
- Two priority 1, sixteen priority 2 and ten priority 3 recommendations have been made.
- Five of the audits are awaiting agreement by management. However, all recommendations from the finalised audits have been accepted, with management action plans in place and being monitored.

2.0 Recommended Decision

2.1 To review and comment on:

- Internal audit activity for the period 1 April – 30 November 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 The Council's Internal Audit provider, TIAA, have provided a comprehensive mid-year report attached at appendix 1. This details the audits that have been carried out and a summary of work completed against the plan for the year. The report also includes a section highlighting current key issues in the general auditing environment for information.
- 5.2 The definition of the assurance levels and recommendations are set out in the tables below:

Assurance Level	
TIAA Definition	
Substantial	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Recommendation Priority Gradings	
TIAA Definition	
1	Urgent. Fundamental control issue on which action should be taken immediately.
2	Important. Control issue on which action should be taken at the earliest opportunity.
3	Routine. Control issue on which action should be taken.
OEM	Operational Effectiveness Matter. Items that would be best practise / improvements but do not impact on the effectiveness of the controls.

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.