

Internal Audit Opinion 2022-23

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	27/07/2023
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Ian Evenett
TEL NO	01282 425011 Ext 7175
EMAIL	HHamilton-Smith@burnley.gov.uk

PURPOSE

1. To provide members with the Internal Audit Manager opinion on the Internal Controls of the Council for financial year 2022-23.

RECOMMENDATION

2. That the Committee considers the opinion.

REASONS FOR RECOMMENDATION

3. To comply with the terms of reference for the Audit and Standards Committee through review of the scope and results of work completed by Internal Audit, and, to support and maintain the independence and objectivity of the Internal Audit function.
4. To meet the requirements set out in the Public Service Internal Audit Standards and CIPFA's Local Government Application Note. The Annual Audit Opinion supports and complements the Annual Governance Statement which is required under the Accounts and Audit Regulations 2015.

SUMMARY OF KEY POINTS

5. Limitation of Opinion

This opinion on the Internal Controls of the council is based on the work undertaken by Internal Audit both during 2022/23 and that relates to that year. It provides reasonable but not complete assurance concerning the Council's internal control, risk management and governance system. This also takes account of actions that have been agreed with Managers to address weaknesses identified.

6. Overall Opinion

I am satisfied that sufficient assurance work has been carried out to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk

management and control processes.

Based on the work undertaken and evidence available to Internal Audit including other sources of assurance, it is considered that the overall adequacy and effectiveness of the Council's governance, risk management and control processes are adequate

The controls of the Council continue to operate effectively. These include compliance with policy, separation of duties, authorisation, monitoring and internal checks. Where during audits control weaknesses have been identified, these have been addressed as part of an agreed Action Plan. Compliance with Action Plans is monitored and where these have not been implemented, further assurances have been provided by management that these issues will be addressed.

In providing this opinion I have had regard for the Accounts and Audit Regulations 2015 and Public Service Internal Audit Standards and CIPFA's Local Government Application Note.

7. Work Completed

Internal Audit has provided to the Audit and Standards Committee summaries of the work completed during 2022/23 and these should be considered in relation to this section. Appendix 1 contains summaries of the work, opinions and key actions agreed. Additional detail on progress against the Audit Plan is provided in Appendix 2.

The availability of resources during 2022/23 was not as high as expected which required alteration to the delivery of the Audit Plan. The team's establishment is 3 FTE. This was reduced to one FTE during quarter 1 and 2.5 for the remaining quarters. Although the two new staff are experienced Auditors there is still a need to induct and train them in the services and council requirements. This has led to a higher number of Audits which were in progress at year-end these are transferred to complete in the 2023/24.

The Internal Audit has also provided audits and support under a service level agreement for Burnley Leisure.

8. Performance

Internal Audit have reported the performance of the Service in comparison with its targets to the Audit and Standards Committee and Management during the year, The 2022/23 Internal Audit service target for audit reports was 22 and the actual delivered was 17.

During the year, a quality assurance and improvement programme (QAIP) has been maintained. This involves an internal review of the audit work, and management questionnaires. The results of the internal review of work are provided to auditors as are the actions undertaken during the audit process to correct issues. The results of the management questionnaire are discussed with auditors and any actions required are agreed.

The service had an external review of its compliance with the Public Sector Internal Audit Standards. The outcome of this was that the service was partially compliant with required Standards. The Service and management accepted the review and has an action plan in place to ensure that the areas of partial compliance are addressed as part to the QAIP.

9. Investigations

A couple Council investigations were referred to internal audit during the year. One related to Fuel Vouchers and the other related to Procurement Card Use. The Team has gathered, checked and provided several data sets to the Cabinet Office for the National Fraud Initiative, NFI. The matches from this have been provided and these have started to be reviewed.

10. Other work

During part of the year the role of Chief Audit Executive (CAE) was held by the Head of Finance and Property and so combined with the Section 151 officer. Arrangements were in place to ensure that the roles do not impact on the independence of the Internal Audit service. During that time they were not aware of any actual conflict of interest in these roles.

The Internal Audit Manager is the Council's Data Protection Officer and has been involved with the Council's arrangements for advising on Data Protection issues for the authority.

The Internal Audit Manager also works to support corporate business continuity during the year and risk management has been supported. This is to support the role of the Head of Finance and Property.

As stated, the Council has a Service Level agreement with Burnley Leisure and Culture which includes the provision of Internal Audit.

It is required that I consider the impact of changes on of resources on my ability to form an annual internal audit opinion.

11. Compliance with the Public Service Internal Audit Standard and Local Government Application Note (PSIAS and LGAN)

During 2022-23 an external evaluation of Internal Audit effectiveness took place. The outcome of this review was that the service was partially compliant.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

12. None

POLICY IMPLICATIONS

13. The Annual Internal Audit Opinion is considered as part of the Annual Governance Statement, which is part of the Local Code of Corporate Governance

DETAILS OF CONSULTATION

14. None

BACKGROUND PAPERS

15. None

FURTHER INFORMATION

PLEASE CONTACT:

Ian Evenett Ext 7175

ALSO:

Howard Hamilton-Smith Ext 3162