

## **AUDIT COMMITTEE**

**DATE OF MEETING: 28 MARCH 2023**

**TITLE OF REPORT: DRAFT INTERNAL AUDIT ANNUAL REPORT AND OPINION**

**Report of: Interim Internal Audit Manager**

**Cabinet Portfolio: Finance**

**Key Decision: No**

**Confidentiality: Non-Exempt**

## **PURPOSE OF REPORT**

1. This report provides the Committee with a draft internal audit annual report and opinion for 2022/23.

## **RECOMMENDATION**

2. That the Committee review and note the report.

## **MAIN ISSUES**

3. The Public Sector Internal Audit Standards (PSIAS) require the Committee to receive an annual report on the work of the internal audit service. The report is required to include:
  - An opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
  - A summary of the work that supports the opinion, and
  - A statement on conformance with PSIAS and the results of the quality assurance and improvement programme.

Additionally the PSIAS also requires the annual report to include a statement confirming internal audit's organisational independence.

4. The Committee usually receive the internal audit annual report and opinion at their July meeting. The current interim internal audit manager and internal audit provider arrangements are to end on 31 March. The new internal audit service provider from 1 April will be the Southern Internal Audit Partnership (SIAP) and the Head of SIAP will be appointed the Internal Audit Manager (IAM).
5. The new IAM will not be in a position to properly prepare the annual report for 2022/23 as they will not have been responsible for service provision during that time. The current interim internal audit manager has therefore prepared a draft annual report to provide the Committee with assurance over the governance and control arrangements that were found to be in place during 2022/23. The new IAM will update the report and present a final version of the report to a future meeting.
6. The 2022/23 internal audit plan, as amended, has been delivered in full. Draft or final audit reports were issued by the 17 March. Whilst responses to all the reports have not been received, it is unlikely that the overall assurance opinions will change.
7. The interim internal audit managers draft opinion for the year ending 31 March 2023 is that the framework of governance, risk management and control is satisfactory. This is the same opinion as last year.

## **CORPORATE GOVERNANCE CONSIDERATIONS**

### **Relevance to the Corporate Plan and/or The Hart Vision 2040**

8. The Committees oversight of internal audit contributes to the Corporate Plan priority of delivering an efficient and effective Council.

### **Service Plan**

- Is the proposal identified in the Service Plan? Yes
- Is the proposal being funded from current budgets? Yes
- Are staffing resources in place to deliver this proposal? Yes.

### **Legal and Constitutional Issues**

9. The Accounts and Audit Regulations 2015 require the Council to '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'.

### **Financial and Resource Implications**

10. There are no financial implications arising from this report.

### **Risk Management**

11. Failure to provide an annual report would lead to non-compliance with the PSIAS and require the matter to be reported in the Annual Governance Statement. This would not reflect well upon the Council's overall governance arrangements.

## **EQUALITIES**

12. There are no equality issues arising from this report.

## **CLIMATE CHANGE IMPLICATIONS**

13. No direct carbon/environmental impacts arising from the recommendations.

## **ACTION**

14. The Committee's forward workplan be updated to reflect that a final version of the annual internal audit opinion will be presented to a future meeting.

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**Background Papers:** None