

AUDIT COMMITTEE	AGENDA ITEM No. 11
22 JULY 2024	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services and Section 151 Officer
Cabinet Member(s) responsible:	Councillor Amjad Iqbal, Deputy Leader and Cabinet Member for Finance and Corporate Services
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor

ANNUAL INTERNAL AUDIT OPINION 2023 / 2024

RECOMMENDATIONS	
FROM: Steve Crabtree, Chief Internal Auditor	Deadline date: N/A
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> 1. Reviews and then endorses the Chief Internal Auditor's annual report for the year ended 31 March 2024 included at Appendix A. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Audit Committee as a routine planned report on the Internal Audit service. It provides details of performance during 2023 / 2024 and the activities undertaken together with an opinion on the soundness of the control environment in place to minimise risk to the Council.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the Council. It is based on the findings of audits and activities undertaken by the Internal Audit Team during 2023 / 2024.

2.2 This report is for the Audit Committee to consider under its Terms of Reference:

- 3.1: To consider the annual report and opinion of the Executive Director of Corporate Services and S151 Officer and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- 3.7: To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services.
- 3.8: To consider the head of internal audit's annual report, including:
 - the statement of the level of conformance with the Public Sector internal audit standard and Local Governance Application Note and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the Annual Governance Statement).
- 3.9: To consider reports dealing with the management and performance of the providers of internal audit services.
- 3.10: To consider reports where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns that agreed recommendations have not been implemented within a reasonable timescale.
- 3.11: To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 3.12: To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- 3.13: To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- 3.14: To consider a report on the effectiveness of internal audit to support the Annual Governance Statement where required to do so by the accounts and audit regulations
- 3.29: To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 3.30: To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

3. TIMESCALES

Is this a Major Policy Item / Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 The Internal Audit Opinion is based on review work undertaken during the period April 2023 to March 2024 and is set out in the attached **Appendix A**.

4.2 In preparing the opinion, the Chief Internal Auditor has reviewed all audit activities carried out relating to 2023 / 2024. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified. Where systems have fallen below expected standards, details of these have been identified within the report as an executive summary. Additionally, as part of a working protocol with Cambridgeshire County Internal Audit, where assurance for audit activities can be provided for both organisations in relation to shared services this has been included in arriving at the audit opinion.

4.3 To complement the main report (Appendix A), additional papers are provided to support the conclusions reached. These include:

- **Appendix B:** Full analysis of the audits reviews, consultancy advice and grant certifications completed in year
- **Appendix C:** Details of audit reviews which have produced limited or no assurance. The report executive summaries are provided.
- **Appendix D:** The assurance framework utilised to establish other reviews or assurance in and around the Council which can be used to inform the opinion; and
- **Appendix E:** An overview of the quality assurance and compliance with standards.

4.4 The overall conclusion based on our work is that Peterborough City Council has a sound governance framework from which those charged with Governance can gain reasonable assurance. Internal Audit has made a number of recommendations to further improve the systems of control and the organisation is actively working to make improvements in these areas. Resources have impacted on the delivery of the audit plan with increased coverage of new grant claims, increased levels of consultancy works as well as limits in recruitment. Greater reliance has been sought from other assurance avenues. It is still viewed though that the audit activities undertaken has enabled sufficient coverage of the key risks to provide assurance. However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

5. CORPORATE PRIORITIES

5.1 The report links all corporate priorities.

6. CONSULTATION

6.1 Summary committee reports are produced and discussed periodically through Audit Committee for information and challenge. All audit reports are issued to the appropriate Head(s) of Service for action, Executive Directors, Chief Executive,

Leader of the Council and the Chair of Audit Committee in accordance with the agreed Audit Charter (last approved by Audit Committee March 2024).

The Annual Audit Opinion is issued to our External Auditors as part of their programme of works to review and close the accounts.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 That the Audit Committee is informed of the Internal Audit Opinion and the work carried out by Internal Audit to support this.

8. REASON FOR THE RECOMMENDATION

- 8.1 In accordance with the Accounts and Audit Regulations 2015, the CIPFA Code of Practice for Internal Audit in Local Government and the Public Sector Internal Audit Standards, this report summarises the work of the Internal Audit section and its outcomes relating to the review of internal control for the last financial year. This is incorporated with the results of other reviews to produce the required Annual Governance Statement.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 Public Sector Internal Audit Standards require that an annual report reviewing the activities undertaken of Internal Audit along with the overall opinion of the organisations control environment is produced and presented to the Audit Committee. There are therefore no other options considered as appropriate.

10. IMPLICATIONS

Financial Implications

- 10.1 The report does not give rise to any additional capital or revenue financial implications.

Legal Implications

- 10.2 There are no legal implications in respect of the proposal.

Equalities Implications

- 10.3 Not applicable.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 None.

12. APPENDICES

- 12.1 A: Internal Audit Opinion
B: Internal Audit Activity 2023 / 2024
C: Limited / No Assurance Reports
D: Assurance Framework

E: Quality Assurance

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