

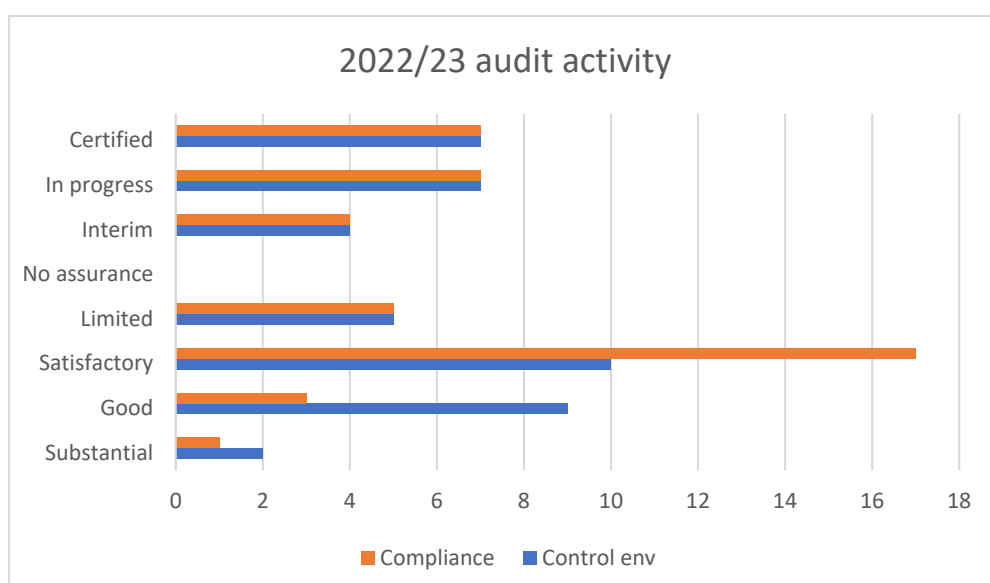
Annual audit assurance opinion 2022-23

1. Executive summary

- 1.1. Internal Audit provides an independent and objective opinion on the effectiveness of the Council's control and governance processes.
- 1.2. I have considered the balance of audit, internal control, and fraud investigation work in 2022-23 and the assurance levels provided, profile of each assignment and outcomes, together with the response from management, and I can offer **satisfactory assurance** in respect of the areas reviewed during the year, meaning that there are some weaknesses in the control environment.
- 1.3. 2022-23 was the first year that the Internal Audit service was provided in house, and there were some challenges including delays to the completion of work originally planned for 2021-22 and starting the 2022-23 audit plan.

2. Summary of internal audit activity during the period

- 2.1. The audit plan for 2022-23 was developed by the outgoing shared audit service and the work undertaken included work outstanding from 2021-22, supporting the delivery of the Council's objectives. The team was supported by BDO in delivering the plan. 44 engagements have been undertaken, covering assurance, advisory and grant certification work, and ad-hoc operational requests, alongside anti-fraud and corruption activity. A summary of the audit opinions is given below, with detail provided in Appendix 1.



- 2.2. At the conclusion of audit assurance activity each review is given a control environment assurance rating and a compliance rating, demonstrating evaluation of the system design against an expected control environment and levels of compliance against the designed control system, and assessed with the following ratings.

2.2.1. Control environment / System design assurance definitions:

Substantial	There are minimal control weaknesses that present very low risk to the control environment.
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Good	There are minor control weaknesses that present low risk to the control environment.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

2.2.2. Compliance definitions:

Substantial	The control environment has substantially operated as intended with no notable errors detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

2.3. Our 2023-23 audit activity has identified key themes which need strengthening:

2.3.1. Policies and procedures – several areas either had no clear policies and procedures, the ones in place were out of date or still related to historic council arrangements and so were not aligned. In most cases policies and procedures were being developed, but these will take time to embed, and for working practices to be updated.

2.3.2. Roles and responsibilities – there was a lack of clarity around roles and responsibilities, often reflecting either the absence of clear procedures or a failure to align working practices across inherited teams.

2.3.3. Alignment of services – a key area which has contributed to the previous themes is the remaining unaligned services, including systems and working practices. It is recognised that there is considerable work underway to address this, but it has been a clear contributory factor in a number of the assurance areas.

2.4. Part of the ongoing work for the year is to ensure that management actions agreed during the audit are followed up and completed. For all limited assurance audits, we have introduced a proactive follow up process where we meet with operational managers on a regular basis to ensure the control environment is being strengthened in line with the issues identified during the audit, and to reflect any required changes. Good progress has been made, although the team focus has been on delivering the audit plan. Details are provided in Appendix 2, with a summary in the table overleaf.

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Classification		Essential	Important	Standard
Not yet due (this would include recommendations where an extension has been agreed)	28	7	17	4
Completed	91	19	60	12
Transferred to follow up audit (all limited assurance audits to have a follow up planned, usually within 12 months)	5	2	3	0
Overdue – no management response received	64	7	51	6
Total	188	35	131	22

3. Anti-fraud and corruption activity

3.1. We continue to support the Council with anti-fraud and corruption activity, with a mix of fraud prevention work, national engagement through the Cabinet Office National Fraud Initiative, and reactive investigations. Appendix 3 details activity undertaken, including a breakdown of outcomes.

Appendices

Appendix 1: 2022-23 audit tracker

Appendix 2: Follow up activity tracker

Appendix 3: Fraud end of year report