

**REPORT TO:** Audit and Governance Board

**DATE:** 5 July 2023

**REPORTING OFFICER:** Divisional Manager – Audit, Procurement & Operational Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** Internal Audit Annual Report and Opinion – 2022/23

**WARD(S):** Borough-wide

## 1.0 PURPOSE OF REPORT

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to deliver an annual audit opinion and report, which can be used to inform the Annual Governance Statement.
- 1.2 The annual opinion is reached through the completion of a risk-based plan of work, agreed with management and approved by the Audit and Governance Board. This should provide a reasonable level of assurance, subject to the inherent limitations of any audit work. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 1.3 The audit opinion is informed by the assurance ratings of the individual audit assignments completed during 2022/23 and management's responses to any issues raised through internal audit work.
- 1.4 This report therefore summarises the work completed by Internal Audit during 2022/23 and presents the Head of Internal Audit's opinion on the effectiveness of the Council's overall risk management, control and governance processes.

## 2.0 RECOMMENDATIONS: That the Board:

- **Receives and notes the overall opinion on the Council's risk management, control and governance processes that were in place during 2022/23;**
- **Notes the Internal Audit Charter, which sets out the purpose, authority and responsibility of the Council's internal audit activity;**
- **Notes and endorses the safeguards established to limit any impairment to the independence or objectivity of the internal audit function.**

## 3.0 EXECUTIVE SUMMARY

- 3.1 Internal audit is an assurance function that provides an independent and objective opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes.

- 3.2 The PSIAS require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its Annual Governance Statement.
- 3.3 The Council's Internal Audit Charter is attached as Appendix A to this report. It sets out the purpose, authority and responsibility of the Council's internal audit activity and forms part of the Council's Constitution. It formalises the requirement for an annual report to be produced that provides an overall internal audit opinion on the Council's control environment.
- 3.4 Appendix B to this reports sets out the arrangements in place to safeguard Internal Audit independence. These arrangements are well established and have previously been agreed with the Board. They are however presented again for information purposes. Independence and objectivity are important as they allow the Council's Internal Audit function to be able to make unbiased judgements and decisions based on the results of the audit work undertaken.
- 3.5 The Internal Audit Annual Report (attached as a separate document) summarises the internal audit work completed over the 2022/23 financial year. It includes the overall assurance opinion on the Council's risk management, control and governance processes. It also sets out how Internal Audit complied with the PSIAS during 2022/23.
- 3.6 It is the view of the Head of Internal Audit that sufficient audit work was completed during the year to be able to form an overall opinion. Details of the evidence base supporting the opinion are provided in the annual report.
- 3.7 In summary, the Council's risk management, control and governance processes that were in place during 2022/23 are considered to be adequate and to have operated effectively during the year.

#### 4.0 **POLICY IMPLICATIONS**

- 4.1 There are no direct policy implications arising from this report. Under Regulation 6 of the Accounts & Audit Regulations 2015, the Council 'must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. This responsibility is delegated to the Operational Director – Finance.
- 4.2 The Head of Internal Audit's opinion on the Council's risk management, control and governance processes is one of the key sources of assurance that supports the Council's Annual Governance Statement.

#### 5.0 **FINANCIAL IMPLICATIONS**

- 5.1 The internal audit work carried out during the year provides assurance that the Council's main financial systems are operating effectively.
- 5.2 There are however no direct financial implications arising from this report.

## 6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### 6.1 **Children and Young People in Halton**

Internal Audit provides assurance over the Council's risk management, control and governance processes, which help to support the achievement of the aims and objectives set out in the Corporate Plan.

### 6.2 **Employment, Learning and Skills in Halton**

See 6.1

### 6.3 **A Healthy Halton**

See 6.1

### 6.4 **A Safer Halton**

See 6.1

### 6.5 **Halton's Urban Renewal**

See 6.1

## 7.0 **RISK ANALYSIS**

Internal Audit adopts a risk based approach to its work and provides assurance over the Council's key business risks. In the course of its work, internal audit raises issues which have risk implications for the Council. The regular internal audit progress reports to the Audit and Governance Board summarise these issues and provides details of the actions agreed with management to mitigate any risks identified.

There are no direct risk implications arising from this report.

## 8.0 **EQUALITY AND DIVERSITY ISSUES**

None

## 9.0 **CLIMATE CHANGE IMPLICATIONS**

None

## 10.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<u>Document</u>	<u>Place of Inspection</u>	<u>Contact</u>
Internal Audit Plan 2022/23	Halton Stadium, Widnes	Merv Murphy
Internal Audit reports		