

9 INTERNAL AUDIT REPORT BLOCK 1 2021/22 (JW)

1. Purpose of the report

This report presents to Members' the Internal Auditors' recommendations for the first block of the 2021/22 internal audit and the agreed actions for consideration. Ian Morton of Veritau our Internal Auditors will be available at the meeting to answer any questions relating to the audit report or process as usual.

Key Issues

- The Auditors give an opinion based on four grades of assurance (Substantial/Reasonable/Limited/No). Two of the three areas audited, IT Access Controls & User Awareness Audit, Risk Management and Main Accounting/ Capital Accounting, have been given a Substantial assurance whilst Risk Management has received a reasonable assurance.
- The priority of agreed actions is determined based on a scale of 1 – 3, with 1 representing a fundamental system weakness which needs urgent attention, 2 a significant weakness which needs attention, and 3 no significant weakness but merits attention. No areas for action were identified in the IT or Main Accounting audits and one level 2 and two level 3 actions have been responded to in the Risk Management audit.

2. Recommendations

- 1. That the Internal Audit reports for the three areas covered under Block 1 for 2021/22 IT Access Controls & User Awareness, Main Accounting and Risk Management (in Appendices 1 to 3) be received and the agreed actions considered.**

How does this contribute to our policies and legal obligations?

- 3.** As identified in the Annual Governance Statement, the Internal Audit process is regarded as an important part of the overall internal controls operated by the Authority and recommendations are addressed by the Authority's managers in the management response to the audit report.

Background Information

- 4.** The Accounts and Audit Regulations 2015 require that the Authority maintains an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with proper practices in relation to internal control. The contract for the Internal Audit service is let to Veritau Ltd. The Internal Audit Plan for 2021/22 was approved by the Authority meeting in September 2021 (Minute No 61/21 refers).

Proposals

- 5.** Managers have carefully considered the Internal Auditors' recommendations and the agreed actions are set out in the audit reports in Appendices 1 to 3 for Members' consideration.

Are there any corporate implications members should be concerned about?

6. Financial:
There are resource implications of implementing recommendations and this is why the priority rating of recommendations is important as this has to be managed within existing budgets and staffing levels, taking account of the level of risk agreed by management. The cost of the Internal Audit Service Level Agreement is found from within the overall Finance budget.

7. Risk Management:
The Internal Audit process is regarded as an important part of the overall internal controls operated by the Authority.

8. Sustainability:
There are no implications to identify

9. Equality, Diversity and Inclusion:
There are no implications to identify.

10. Climate Change
There are no implications to identify

11. Background papers (not previously published)
None

12. Appendices
Appendix 1 - Access Controls & User Awareness Audit 2021/22
Appendix 2 - Main Accounting Audit 2021/22
Appendix 3 - Risk Management Audit 2021/22

Report Author, Job Title and Publication Date

Justine Wells, Head of Finance, 27 January 2022