

**9. INTERNAL AUDIT REPORT BLOCK 2 2022/23 (JW)**

**1. Purpose of the report**

The report presents to Members' the Internal Auditors' recommendations for the second block of the 2022/23 audit and the agreed actions for consideration. The Internal Auditors will be present 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 Assurance, Reasonable Assurance, Limited Assurance and No Assurance). All 3 audit reports on HR, Contract Management and Planning received the highest level of Substantial 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. Managers have responded to 1 scale 2 action in the Planning audit and 3 scale 3 actions in the Human Resources Audit.**

**2. Recommendation**

- 1. That the Internal Audit reports for the three areas covered under Block 2 for 2022/23 Human Resources, Contract Management and Planning (in appendices 1-3 respectively) 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 Audits 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 2022/23 was approved by the Authority meeting in July 2022.

**Proposals**

5. Managers have carefully considered the Internal Auditors' recommendations and the agreed actions for which there are 3 scale 3 ones in the HR Audit, 1 scale 2 action in the Planning Audit and no actions in the Contract Management Audit which are attached in appendices 1 to 3 respectively for Members consideration.

**Are there any corporate implications Members should be concerned about?**

**Financial:**

6. There are resource implications of implementing recommendations and this is why the priority rating of recommendations is important as this has to be managed with 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.

**Risk Management:**

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

**Sustainability:**

8. There are no implications to identify.

**Equality, Diversity and Inclusion:**

9. There are no implications to identify.

**Climate Change**

10. There are no implications to identify.

**11. Background papers (not previously published)**

None

**12. Appendices**

Appendix 1 - Human Resources

Appendix 2 - Contract Management

Appendix 3 - Planning

**Report Author, Job Title and Publication Date**

Justine Wells, Head of Finance, 11<sup>th</sup> May 2023