

**Public**  
**Key Decision - No**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Internal Audit Service: Progress Report

**Meeting/Date:** Corporate Governance Committee – 30 November 2022

**Executive Portfolio:** Executive Councillor for Corporate & Shared Services, Councillor Martin Hassall

**Report by:** Deborah Moss, Internal Audit Manager

**Ward(s) affected:** All Wards

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### **Executive Summary:**

This report details the work completed/undertaken by the Internal Audit Service during the period April 2022 to end October 2022. It also notifies Committee of any developments within the team and the forward plan of work, to include revisions to the Internal Audit Plan for the remainder of the year.

The Internal Audit Manager's opinion on the Council's internal control environment and systems of internal control as at 31 March 2022 was that it provided adequate assurance over the key business processes and financial systems. However, there was a limitation placed upon the opinion for the area of risk management which was excluded from the opinion as there was insufficient evidence to be able to provide an assurance opinion. From the work that has been completed since, that opinion remains unchanged at present, although planned audits have been postponed allowing for Service self-assessment and action improvement plans indicating control and governance needs improvement in those areas. The risk register for our corporate risks has been comprehensively evaluated and is reviewed on a regular basis by SLT. Audit plans to assess all of the above areas to provide assurance which is fundamental to the delivery of our corporate objectives.

During the reporting period it should be noted that:

- Audit Plan 21.22 has been concluded and all reviews that were undertaken (except one awaiting final sign off) have been completed, reported and agreed audit actions assigned to the database for monitoring. Some reviews were carried forward to the current year's Plan.
- Audit Plan 22.23 reviews are underway and are at different stages of progress. Only one has been fully completed/reported on. Reports from the previous year's Plan issued in this audit year are included in this report.
- New suggestions for the Plan have been received from the Portfolio Holder

- Internal Audit services are now encouraged to use the review of risk registers to inform their future audit programme. This means that some new areas of review are being incorporated into future plans.
- The Plan has been amended to include relaxing some quarters' reviews from the core financial continuous reviews, the inclusion of new reviews and some work postponed to next year to accommodate Services' needs. These changes have been approved by the Chair of the Committee and are presented in the report.
- IT audit provision: The tendering process has been carried out for the IT audit contract but the decision to award remains under discussion. Receiving an opinion of the IT internal controls before the year end is dependent upon the contract being awarded imminently, and the IT Audit Plan agreed and started.
- 4Action software continues to be used for real-time management and reporting on the implementation of audit actions.

In accordance with the Internal Audit Charter, the Internal Audit Manager continues to report functionally to the Corporate Governance Committee and administratively to the Director of Finance & Corporate Services. They have maintained organisational independence and have had no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

**Recommendation(s):**

It is recommended that the Committee:

1. Review and note the progress report.

## **1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to inform the Committee of the work completed/undertaken by the Internal Audit Service during the period April 2022 to end October 2022. It also notifies Committee of any developments within the team and the forward plan of work, to include any revised Internal Audit Plan for the remainder of the year.

## **2. BACKGROUND**

- 2.1 The Accounts and Audit Regulations 2015 require that the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance.” Internal Audit assists the Council and the Corporate Governance Committee to discharge its governance responsibilities. Our work supports the Council’s corporate objectives, and the corporate governance framework.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require that the Committee (who fulfil the role of the Board, as defined by PSIAS) receive an annual report on the work of the Internal Audit Service. Best practice suggests that an interim report should also be presented, to keep the Committee aware of any issues of concern that have been identified and the progress achieved with the delivery of the audit plan.
- 2.3 Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the council’s ability to achieve its objectives. Internal Audit work should help add value to the Council by helping to evaluate the internal control environment, improve systems, mitigate risks, and subsequently inform the Annual Governance Statement.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 The progress report (April-October 2022) on the Internal Audit Service is attached at Appendix 1.

## **4. KEY IMPACTS / RISKS**

- 4.1 Risk: Insufficient audit assurance work risks the inability to provide an Annual Audit Opinion.

## **5. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

- 5.1 The Internal Audit Service provides assurance to both management and the Committee that risks to the delivery of the Corporate Plan across its Service areas are understood and managed appropriately.

## **6. REASONS FOR THE RECOMMENDED DECISIONS**

- 6.1 The report is for information purposes and to allow Committee to gain an understanding of the views of the Internal Audit Manager on the internal control environment and systems of internal control.

## **7. LIST OF APPENDICES INCLUDED**

Appendix 1 – Internal Audit Interim Progress Report  
Appendix 2 – Audit Plan 2022.23 update

## **8. BACKGROUND PAPERS**

Internal Audit reports  
Internal Audit performance management information

## **CONTACT OFFICER**

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