

Harborough District Council

Report to the Audit & Standards Committee 31st July 2024



Title:	Internal Audit Annual Report and Opinion 2023/24
Status:	Public
Key Decision:	No
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Portfolio Holder:	Cllr Mark Graves
Appendices:	Appendix A – Internal Audit Annual Report 2023/24

Executive Summary

The Public Sector Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, which should provide a reasonable level of assurance, subject to any inherent limitations and taking into account other sources of assurance, as appropriate.

This report provides the Chief Internal Auditor's opinion for 2023/24 and details the basis for this opinion. The opinion is of 'moderate' assurance and limitations to the opinion are detailed within the report.

Recommendations

The committee considers the Annual Internal Audit Report for 2023/24 (Appendix A) and comments as necessary.

Reasons for Recommendations

To support the Audit and Standards Committee's role in ensuring good governance, strong financial management and an effective internal control environment. Additionally, to oversee the independence, objectivity, performance, and professionalism of internal audit.



1. Purpose of Report

- 1.1 To provide the Committee with the Annual Internal Audit Report and Opinion for 2023/24. This should inform the Council's Annual Governance Statement for the year.

2. Background

Internal Audit

- 2.1. The Council's internal audit service is provided, under delegation, by North Northamptonshire Council. The service operates in accordance with the Public Sector Internal Audit Standards.

3. Detail

- 3.1 The report (Appendix A) provides the full opinion and report for 2023/24. The key elements of the report include:

3.2 Internal Audit findings

- 3.2.1 The Internal Audit team give an opinion for each assurance assignment completed. The opinion is given in three areas – the design of the control environment, compliance with controls and organisational impact. The opinions given for all audit assignments completed in 2023/24 are provided within Appendix A and inform the overall assurance opinion for 2023/24.
- 3.2.2 The outcomes of audit assignments have been reported to the Audit and Standards Committee during the year, as completed, and are provided as an overall summary in the annual report. All audit opinions given during 2023/24 were of at least Moderate Assurance.

3.3 Implementation of agreed audit actions

- 3.3.1 Where Internal Audit identify an area of weakness in control design or compliance, a recommendation is made and an action agreed with management to address this. The implementation of those agreed actions is then tracked by Internal Audit. The level of implementation of these actions informs the annual assurance opinion. During 2023/24, 54% of actions due were completed in the year.

3.4 Other sources of assurance

- 3.4.1 The Chief Internal Auditor has taken third party assurances from the internal audit report issued by the Leicestershire Revenues and Benefits service for 2023/24. This is reflected within the annual report.

3.5 Performance

- 3.5.1 The annual report also includes a reflection on the performance of the internal audit service during 2023/24. This includes delivery of the internal audit plan, areas of added

value and compliance with the Public Sector Internal Audit Standards – including improvement plans.

4. Implications of Decisions

- 4.1. **Corporate Priorities**; internal audit provides assurance to the Council in respect of internal control and other governance issues, which directly supports the delivery of the Councils corporate priorities.
- 4.2. **Financial**; there are no direct financial implications arising from this report. However, members will note that in Appendix A, Section 2 (Chief Internal Auditor Opinion 2023/24), this refers to an outstanding housing benefit overpayment debt of £715k. The Leicestershire Revenues & Benefits Partnership (LRBP) have provided some context to this, which is attached as Appendix B. Following the review by the LRBP, there may be future costs associated with recovery that LRBP partners may have to contribute to; such recovery will of course be subject to a VfM/Cost-Benefit assessment.
- 4.3. **Legal**; there are no direct legal implications arising from this report.
- 4.4. **Policy**; there are no direct policy implications arising from this report.
- 4.5. **Environmental Implications including contributions to achieving a net zero carbon Council by 2030**; there are no direct environmental implications arising from this report.
- 4.6. **Risk Management**; there are no direct risk management implications arising from this report. However, members must not that the audit approach is “risk-based” and an effective internal audit service is one means by which the Council is able to effectively manage risk.
- 4.7. **Equalities Impact**; there are no direct equalities implications arising from the report.
- 4.8. **Data Protection**; there are no direct data protection implications arising from the report.

5. Summary of Consultation and Outcome

- 5.1 The Chief Internal Auditor has consulted with the Councils s.151 in respect of performance and senior managers for individual audit assignments.

6. Alternative Options Considered

- 6.1 No alternative options considered as none are appropriate.

7. Background papers

- 7.1 None