

Allerdale Borough Council

Audit Committee – 25 July 2022

Head of Internal Audit Opinion 2021/22

Portfolio holder	Councillor Colin Sharpe.
Report from	Michael Roper, Strategic Advisor - Assurance, Risk and Audit.
Wards affected	All Wards.
Is this a key decision	No.

1.0 The reason for the decision

- 1.1 To provide the annual internal audit assurance opinion for 2021/22 in line with the requirements of the Public Sector Internal Auditing Standards (PSIAS).

2.0 Recommendations

- 2.1 That the report is accepted and considered as part of the approval of the Annual Governance Statement 2021/22 subject to any additional information that the committee may require.

3.0 Background and Introduction

- 3.1 The Council adopted the Good Governance Standard for Public Services in 2005. The standard provides a national framework for assessing good governance practice. CIPFA/SOLACE has published an update to the standard – a Framework for Delivering Good Governance in Local Government – to make the original standard directly relevant to Local Government. In December 2016 CIPFA updated the Framework, which includes 7 core principles that need to be taken into consideration. The Governance Group has considered these elements and principles when compiling the 2021/22 Annual Governance Statement (AGS).
- 3.2 The Council has made a public statement detailing how it will meet these governance commitments, this is set out in Allerdale Borough Councils Local Code of Corporate Governance which is reviewed annually by the Governance Group as part of compiling the Annual Governance Statement (AGS).

- 3.3 The Council's Strategy 2020-2030 is very much at the forefront of the organisation and a structured framework is in place driving every individual service plan moving forward. Quarterly performance reports are published detailing the progression of the agreed council plan projects.
- 3.4 This report has been prepared in line with the CIPFA statement on the role of the Head of Internal Audit and the Public Sector Internal Audit Standards, 2450 Overall Opinions.
- 3.5 The Assurance, Risk and Audit team have suffered significant resource shortages during the year because of vacated posts. The Council recognised this shortfall and engaged with an external contractor (MIIA) to deliver audit assurance reviews during 2021/22 who have also been asked to provide the annual audit opinion.
- 3.6 The Strategic Advisor, Assurance Risk and Audit (Chief Audit Executive) post has been filled from April 2022 (in a shared arrangement with Carlisle City Council and Copeland Borough Council) and the post-holder has overseen delivery of assurance work for the end of the financial year.

4.0 Content (to include alternative options considered)

- 4.1 The annual audit opinion is included at Appendix 1 and provides a summary of the work undertaken and associated findings.
- 4.2 The revised audit plan, submitted to the Audit Committee on 30 September 2021 included 10 assurance reviews. 7 of these reviews have been finalised and 1 has been finished to draft (as detailed in MIAA's opinion).
- 4.3 Planned audits of Cash Management and Ethics & Culture were not completed during the year. These reviews were considered as part of the 2022/23 planning process (though neither have subsequently been included in the current draft plan).
- 4.4 The assurance opinion categories adopted by MIAA are defined in paragraph 4.2.2.
- 4.5 Additional assurance activities have contributed to informing the audit opinion conclusion. These include participation in working groups, various governance boards and specific requests for project or systems assurances. The main areas of additional assurance during 2021/22 relates to advice and guidance provided by the Assurance, Risk and Audit service during the year, as listed in paragraph 4.3.3.1:
- 4.6 Audit work undertaken is considered sufficient for MIAA to form an opinion on the Council's Governance, Risk Management and Internal Control framework.

5.0 Quality Assurance and Improvement Program (QAIP)

- 5.1 All audits were delivered by an external provider, who has provided assurances regarding their compliance with the PSIAS. Internal Audit has maintained its independence during the year. A detailed self-assessment of compliance to the standards will be undertaken to ensure processes put in place for the new audit service are compliant with the standards. This will be reported to the next Audit Committee. A revised training programme will also need to be incorporated into the Council Audit Team's QAIP from 2022/23.
- 5.2 The Council last received an EQA (External Quality Assessment) in September 2017. A review should be delivered in 2022/23; however, Internal Audit are currently seeking advice on whether this will be necessary given the impact of Local Government Re-Organisation.

6.0 Opinion

- 6.1 It is MIIA's opinion that the independent assurance reviews completed and the additional assurances undertaken provide substantial assurance over the adequacy and effectiveness of the organisations framework for risk management, control and governance.
- 6.2 There are no control concerns arising from MIIA's opinion.

7.0 Implications and Impact

7.1 Contribution to Council Strategy Priorities, Outputs and Outcomes

Acceptance of the Assurance, Risk and Audit Team's work provides a direct and indirect contribution to the achievement of the Council's priorities, in accordance with the Assurance, Risk and Audit Service Plan.

7.2 Finance/Resource implications

There are no additional finance or resource issues that have not been previously highlighted in this report or previously reported to the Committee.

7.3 Legal and governance implications

There are no additional legal and governance issues that have not been previously highlighted in this report or previously reported to the Committee.

7.4 Risk analysis

Acceptance of this report has no risk management implications other than the consideration of the Corporate Risks and Issues Log by the Committee in terms of oversight of the effectiveness of Risk Management Framework.

7.5 Increasing satisfaction and service

Deliver of Internal Audit assurance activity will ensure an effective Internal Audit service that adds value to the achievement of organisational objectives through reviewing and suggesting improvements to the Governance, Risk Management and Internal Control Framework.

7.6 Equality impacts

Equality impacts Equality is considered during the Assurance, Risk and Audit activities

7.7 Health and Safety impacts

Acceptance of this report has no health and safety impacts

7.8 Health, wellbeing and community safety impacts

Acceptance of this report has no health, wellbeing and community safety impacts

7.9 Environmental/sustainability impacts

Acceptance of this report has no environmental/sustainability impacts

7.10 Other significant implications

None

Appendices attached to this report

Appendix number	Title of appendix
1	MIAA Annual Internal Audit Opinion 2021/22

Report author(s) and contact officer(s):

*Michael Roper
Strategic Advisor – Assurance, Risk & Audit
Michael.Roper@allerdale.gov.uk
07518294374*