

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

INTERIM INTERNAL AUDIT REPORT 2023-24

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The interim internal audit report provides an update on Internal Audit activity up to 31 December 2023.
- 1.2 The report highlights the risks identified to the delivery of the Internal Audit Plan, and the actions being taken to mitigate those risks, including the re-prioritisation of the audit plan.

2. BACKGROUND INFORMATION

- 2.1 It is a requirement of the PSIAS for the Audit Committee to receive regular updates on the activities of Internal Audit, in particular:
 - providing assurance that sufficient work will be carried to provide a reliable risk based annual opinion on the effectiveness of the control environment and any amendments to the audit plan;
 - bringing to the Committee's attention any issues identified during the 2023/24 audit period which could impact on the annual opinion; and
 - providing an update on the activities which have occurred during 2023/24 in relation to quality improvement and to ensure Internal Audit's continued compliance with Public Sector Internal Audit Standards (PSIAS).
- 2.2 On 15 March 2023, the Audit and Governance Committee formally approved an outline plan consisting of 1100 days, whilst on 6 October 2023 it received an updated, more detailed plan. As communicated to the Committee there would potentially be ongoing amendment and re-prioritisation to the plan to reflect changes in risk. The attached report at Appendix 1 prepared by the Head of Audit and Assurance provides an update on the delivery of the audit plan up to 31 December 2023. The report highlights resourcing issues faced by Audit, and which has led to the re-prioritisation of the audit and reduction in the planned days to 900 days. Although the Head of Internal and Assurance forecasts that sufficient work should still be carried out by May 2024 to provide a reliable opinion on the Council's control environment, there remains a possibility that this would include a "limitation in scope".

2.3 A list of final reports issued up to 31 December 2023 is shown within the report. There are currently three limited assurance reports which have been issued.

2.4 The report also discusses the quality assurance activities which have taken place in 2023-24 and the provisional outcome of the 5-yearly External Quality Inspection carried out in November 2023.

3. OPTIONS FOR CONSIDERATION

3.1 In its role as the body charged with governance the Audit Committee is asked to consider the progress against the delivery of the audit plan.

4. ANALYSIS OF OPTIONS

4.1 It is a requirement of the PSIAS for the Audit Committee to receive updates on progress against the delivery of the audit plan.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1 In order to ensure that sufficient coverage is carried out to provide a reliable, risk-based opinion on the Council's control environment, additional temporary resources may be required.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 The delivery of the audit plan contributes to the Council's approach to risk management by identifying and testing the design and operation of controls to mitigate risk. In addition, most audit assignments provide an opinion on the prevailing residual risk.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1 An Integrated Impact Assessment is not required.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

8.1 It is a requirement of the Internal Audit Code of Ethics that auditors need to declare any potential relationships or interests which could potentially impair independence. If any potential conflicts are identified, then they are not allocated assignments related to them.

9. **RECOMMENDATIONS**

- 9.1 That the Audit Committee is asked to consider the Interim Internal Audit Report 2023-24 as part of its responsibilities for reviewing the effectiveness of Internal Audit and consider the reductions in the size of the audit plan.

DIRECTOR: OUTCOMES

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Background Papers used in the preparation of this report

Internal Audit Plan 2023-24 (March 2023)