



Governance Scrutiny Group

Thursday, 30 June 2022

Internal Audit Annual Report 2021/22

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached report has been prepared by the Council's internal auditors BDO. It summarises the work undertaken during the course of 2021/22 and the management actions arising from the audits. It also provides the annual opinion of the Head of Internal Audit required by the Public Sector Internal Audit Standards.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2021/22 (**Appendix A**).

3. Reasons for Recommendation

- 3.1. To conform with best practice and Public Sector Internal Audit Standards; and give assurance to the Governance Scrutiny Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1. The appended BDO report highlights the completion of the Internal Audit Plan for 2021/22. In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit, BDO, is required to provide an annual opinion and the Group is asked to note that for 2021/22 BDO has concluded that the Council has a substantial system of internal control. Substantial assurance is the highest level and it should be noted that this is a significant achievement as this level of assurance is very difficult to achieve particularly against the backdrop of a pandemic.
- 4.2. In 2021/22, BDO undertook ten internal audit reviews. As reported previously in the quarterly progress reports, of the ten audits:
 - Four received substantial assurance on both design and effectiveness – Main Financial Systems, Housing Benefits, Homelessness and GDPR
 - One received substantial assurance on design effectiveness only – Business Continuity and Disaster Recovery

- Four received moderate assurance on both design and effectiveness – Planning and S106, Corporate Governance, Health and Safety and Contract Management.
- The Annual Fraud report is not classified in the same way.
- There were no reports issued with limited assurance.

4.3. A total of 26 management actions were identified including 12 ‘medium’ priority and 14 ‘low’ priority. Management actions have been agreed in all cases.

5. Risks and Uncertainties

If recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

6. Implications

6.1. Financial Implications

There are no direct financial implications to the report. Indirectly a better internal control environment suggests risk has reduced and can result in a reduced audit workload and therefore cost.

6.2. Legal Implications

There are no legal implications arising from this report.

6.3. Equalities Implications

There are no equalities implications arising from this report.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications arising from this report.

7. Link to Corporate Priorities

Quality of Life	
Efficient Services	Undertaking a programme of internal audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	
The Environment	

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2021/22 (**Appendix A**).

For more information contact:	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None.
List of appendices:	Appendix A – Internal Audit Annual Report 2021/22