



Governance Scrutiny Group

Thursday, 30 May 2024

Internal Audit Annual Report 2023/24

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 2023/24 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 2023/24 (**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 2023/24 with all planned audits completed. In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit, BDO, is required to provide an annual opinion. The Group is asked to note that for 2023/24 the Head of Internal Audit BDO has concluded that the Council had a sound system of internal control, that controls were regularly applied and has reached an overall opinion of substantial assurance which is the highest level of assurance that can be awarded. It is the third consecutive year that the Council has received a substantial opinion and it should be noted that it is a significant achievement to maintain this level of assurance.
- 4.2. In 2023/24, BDO undertook ten internal audit reviews. As reported previously in the quarterly progress reports, of the ten audits completed:
 - Six received substantial assurance on both design and effectiveness – Governance of Partnerships, Grant Management Controls, Main Financial Systems, Financials system control, Rushcliffe Oaks and Markets Income.

- One received substantial assurance on design effectiveness only and moderate for effectiveness– Reconciliations
 - Two received substantial assurance on effectiveness only and moderate assurance on design – Country Parks Income and Fleet Management
 - The Annual Fraud report is not classified in the same way
 - There were no reports issued with limited assurance.
- 4.3. BDO have issued no high findings and a total of 3 medium recommendations, reflecting limited control weaknesses and this has remained stable to the previous year, demonstrating the Council's positive culture for maintaining effective controls. Management actions have been agreed in all cases and recommendations have been implemented in a timely manner throughout 2023/24.

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.

6.5. Biodiversity Net Gain

There are no Biodiversity Net Gain implications arising from this report.

7. Link to Corporate Priorities

Quality of Life	There are no links to the Council's Quality of Life priority
Efficient Services	Undertaking a programme of internal audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	There are no links to the Council's Sustainable Development priority
The Environment	There are no links to the Council's Environment priority

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2023/24 (**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 2023/24