



Audit Committee

16th June 2022

Title	Annual Internal Audit Opinion 2021-22
Report of	Head of Internal Audit
Wards	Not applicable
Status	Public
Urgent	No
Key	No
Enclosures	Annual Internal Audit Opinion 2021-22
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Summary	

Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council. This is a requirement of the Public Sector Internal Audit Standards (PSIAs).

The Opinion covers the internal audit work completed delivering the 2021/22 audit plan to 31 March 2022.

The four possible ratings that can be given are:

Finding rating

No assurance

Limited assurance

Reasonable assurance

Substantial assurance

In 2021-22 the annual opinion overall is:

Reasonable assurance

This is consistent with the outturn for 2020/21.

The plan for 2021/22 was agreed by the Audit Committee in two stages: Q1 and Q2 in April 2021 and Q3 & Q4 in December 2021. The plan has been revisited to confirm that audit resources were being used in the most effective and efficient manner throughout the year.

At the time of the Opinion, we were able to report that we had delivered 91% of the planned work programme, against the usual target of 95%.

The opinion is based on the following key factors:

- We have undertaken the assurance work required to date on COVID-related grants paid to the Council by central government, confirming that the grants have been spent in line with the grant conditions. Specifically, the COVID Business Grants Cohorts 1 and 2 and the Test and Trace Service Support grant (£1.599m).
- For non-schools' audits, the percentage of positive audit reports - those receiving an overall rating of either "substantial" or "reasonable" – increased from the previous year (71% in 20/21 and 77% in 21/22).
- For schools' audits, those receiving an overall rating of either "substantial" or "reasonable" also increased from the previous year (73% in 20/21 and 95% in 21/22).
- The performance on implementation of audit actions has improved in 2021/22; we were able to confirm that for the actions followed up, 97% that were due had been implemented by year end. This is above the target of 90% and is a further improvement on the previous year when the outturn was 95%.

The key findings from our audits have been grouped into four themes in the Summary of Findings section:

- Governance and oversight
- Compliance / Policies & Procedures
- Financial control and fraud risk
- Roles and responsibilities

Detail on each of these areas is included within the main report.

Recommendations

- 1. That the Committee note the contents of the Annual Internal Audit Opinion 2021-22.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee's role in receiving this report is to note the overall assurance given and to focus on the improvement areas noted as themes for 2021-22. This is as per the approved Workplan of the Audit Committee.
- 1.2 Compliance with the Public Sector Internal Audit Standards.

2. REASONS FOR RECOMMENDATIONS

- 2.1 As per the approved Workplan of the Audit Committee.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 N/A

4. POST DECISION IMPLEMENTATION

- 4.1 N/A

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 All internal audit and CAFT planned activity in 2021-22 was aligned with the Council's objectives set out in the Corporate Plan 2021-25, and thus supported the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.
- 5.1.2 The Annual Internal Audit Opinion informs the Annual Governance Statement that is also presented to this Committee.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 When risk, and assurances that those risks are being well managed, is analysed alongside finance and performance information it can provide management with the ability to measure value for money.

5.3 Social Value

5.3.1 N/A

5.4 Legal and Constitutional References

5.4.1 There are no legal issues in the context of this report.

5.4.2 The Council's Constitution, Article 7 states that the Audit Committee should:

'provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.'

5.5 Risk Management

5.5.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council's objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.

5.5.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus leads to improving management processes for securing more effective risk management.

5.6 Equalities and Diversity

5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community. Individual audits assess, as appropriate, the differential aspects on different groups of individuals to ensure compliance with the Council's duties under the 2010 Equality Act.

5.7 Corporate Parenting

5.7.1 None in the context of this report.

5.8 Consultation and Engagement

5.8.1 N/A

5.9 Insight

5.9.1 N/A

6. ENVIRONMENTAL IMPACT

6.1 N/A.

7. BACKGROUND PAPERS

- 7.1 [Audit Committee 28 April 2021](#) (Decision Item 10). – The Committee approved the Work Programme for Q1 and Q2 and agreed to accept an indicative plan for Q3 and Q4 at the December meeting.
- 7.2 [Audit Committee 15 December 2021](#) (Decision Item 9) – The Committee approved the work programme for Q3 and Q4 – October 2021 to March 2022.