

Gloucester City Council

Meeting:	Audit and Governance Committee	Date:	11th September 2023
Subject:	Annual Report of the Head of Audit Risk Assurance (ARA) 2022/23		
Report Of:	Head of ARA		
Wards Affected:	Not applicable		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Piyush Fatania, Head of ARA		
	Email:	Tel: 01452 328883	
	piyush.fatania@gloucestershire.gov.uk		
Appendices:	A: Annual Report of the Head of ARA 2022/23		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To provide the Committee with an annual report on Internal Audit activity which meets the Head of ARA's annual reporting requirements, as set out in the Public Sector Internal Auditing Standards (PSIAS) 2017.

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** to:
- i. Assess, from the findings set out in the Annual Report of the Head of ARA 2022/23, whether it can take reasonable assurance that the internal control environment, comprising risk management, control and governance is operating effectively;
 - ii. Note that the performance of Internal Audit meets the required standards; and
 - iii. Note the Council wide counter fraud activity during 2022/23.

3.0 Background and Key Issues

- 3.1 The Accounts and Audit Regulations 2015 state that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance'. During 2022/23, Internal Audit work was carried out in accordance with the Public Sector Internal Audit Standards (PSIAS) 2017 and the CIPFA Local Government Application Note for the UK PSIAS.

- 3.2 The PSIAS define Internal Audit as ‘an independent objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.
- 3.3 To achieve full effectiveness, the scope of the Internal Audit service should provide an unrestricted range of coverage of the Council’s operations. Internal Audit should have sufficient authority to access such records, assets and personnel as are necessary for the proper fulfilment of responsibilities. These access rights are specified in the Internal Audit Charter and Code of Ethics, which have been approved by the Council.
- 3.4 The PSIAS requires the Head of ARA to ‘provide a written report to those charged with governance timed to support the Annual Governance Statement’. The content of the report is prescribed by the PSIAS which specifically requires Internal Audit to:
- i. Provide an opinion on the overall adequacy and effectiveness of the organisation’s internal control environment and disclose any qualifications to that opinion, together with the reasons for the qualification;
 - ii. Compare the actual work undertaken with the planned work, and present a summary of the audit activity undertaken from which the opinion was derived, drawing attention to any issues of particular relevance;
 - iii. Summarise the performance of the Internal Audit function against its performance measures and targets; and
 - iv. Comment on compliance with the PSIAS.
- 3.5 The Annual Governance Statement was approved by the Audit and Governance Committee on 17th July 2023.

4.0 Social Value Considerations

- 4.1 There are no Social Value implications as a result of the recommendations made in this report.

5.0 Environmental Implications

- 5.1 There are no Environmental implications as a result of the recommendations made in this report.

6.0 Alternative Options Considered

- 6.1 There are no alternative options that are relevant to this matter. Non completion of the Annual Report of the Head of ARA would lead to non-compliance with the PSIAS and the Council’s Constitution (see report section 7.2 and 7.3).

7.0 Reasons for Recommendations

- 7.1 The role of the ARA Shared Service is to examine, evaluate and provide an independent, objective opinion on the adequacy and effectiveness of the Council's internal control environment, comprising risk management, control and governance. Where weaknesses have been identified, recommendations have been made to improve the control environment;
- 7.2 The PSIAS state the Head of ARA should report on the outcomes of Internal Audit work, in sufficient detail, to allow the Committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address; and
- 7.3 Consideration of reports from the Head of ARA on Internal Audit's performance during the year, including updates on the work of Internal Audit, is also a requirement of the Audit and Governance Committee's terms of reference (part of the Council Constitution).

8.0 Future Work and Conclusions

- 8.1 In accordance with the PSIAS, and as reflected within the Audit and Governance Committee's work programme, Internal Audit Activity Progress Reports against the 2023/24 Risk Based Internal Audit Plan are scheduled to be presented to the Audit and Governance Committee within 2023/24.

9.0 Financial Implications

- 9.1 No financial implications as a result of this report
(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

- 10.1 There are no specific legal implications arising from the report recommendations.
(Monitoring Officer has been consulted in the preparation this report.)

11.0 Risk and Opportunity Management Implications

- 11.1 Failure to deliver an effective Internal Audit service will prevent an independent, objective assurance opinion from being provided to those charged with governance that the key risks associated with the achievement of the Council's objectives are being adequately controlled.

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 A PIA is not necessary.

13.0 Community Safety Implications

13.1 There are no Community Safety implications arising out of the recommendations made in this report.

14.0 Staffing and Trade Union Implications

14.1 There are no Staffing and Trade Union implications arising out of the recommendations made in this report.

Background Documents: [Accounts and Audit Regulations 2015](#)
[Public Sector Internal Audit Standards \(PSIAS\) 2017](#)
CIPFA Local Government Application Note for the UK PSIAS
[Audit and Governance Committee's Terms of Reference](#)
[Internal Audit 22-23](#)
Internal Audit Progress Reports 2022/23 (presented at the
[September 2022](#); [November 2022](#) [January 2023](#); [March 2023](#);
and [July 2023](#) Audit and Governance Committee)..