
NON-EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT AND FINANCE COMMITTEE

10 July 2023

ANNUAL INTERNAL AUDIT REPORT AND OPINION 2022-23

FOR NOTING

Portfolio Holder: Cllr Bowdell

Key Decision: No

Report Number: HBC/018/2023

1. Purpose

- 1.1. The purpose of this paper is to provide the Audit and Finance Committee with the Chief Internal Auditor's Annual Internal Audit Report and Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ending 31 March 2023.

2. Recommendation

- 2.1. That the Audit and Finance Committee note the Annual Internal Audit Report and Opinion for 2022-23, attached as Appendix 1.

3. Executive Summary

- 3.1. In accordance with the Public Sector Internal Audit Standards, the Chief Internal Auditor is required to provide an Internal Audit Report and Opinion that can be used by the Council to inform their Annual Governance Statement.
- 3.2. The Annual Report for 2022-23 (attached as Appendix 1) provides the Chief Internal Auditor's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control, and summarises the audit work from which the opinion is derived for the year ending 31 March 2023.

3.3. The Audit and Finance Committee's attention is drawn to the following points:-

- I am satisfied that sufficient work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.
- In my opinion, frameworks of governance, risk management and management control are 'Reasonable' and audit testing has demonstrated controls to be working in practice.
- Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

4. Additional Budgetary Implications

4.1. None directly from this report.

5. Background and relationship to Corporate Strategy, Climate & Environment Strategy and/or Business Plans

5.1. Internal audit plays a vital role in helping the Council accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

6. Options considered

6.1. Not applicable.

7. Resource Implications

7.1. Financial Implications: No direct financial implications arise from this report. Havant Borough Council spends £98,000 on Internal Audit each year. The content of this report has not altered this budgeted figure.

7.2. Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consisted of 300 audit days and remained fluid throughout the year to meet the changing needs of the Council.

Section 151 Officer comments

Date: 19/06/2023

Internal Audit is a vital function that provides professional scrutiny and challenge to the organisation and helps us to identify areas for improvement and allows for intervention before risks are allowed to grow or become embedded.

The Council works closely with the Southern Internal Audit Partnership to ensure transparency and provide all relevant access to data and officers to assist in delivering a thorough audit process.

The risk-based approach allows for the right areas to be targeted without overburdening officers or placing undue costs upon the Council.

It is clear from the report that there are some areas for improvement. The Council's new management team will aim to ensure all Assurance opinions are at least to a "reasonable" level during 2023/24 and that we are working towards "substantial" in all key areas.

The report findings are accepted and built into future service design and delivery plans.

Steven Pink – Chief Finance Officer (S151)

- 7.3. Human Resources Implications
None directly from this report.
- 7.4. Information Governance Implications
None directly from this report.
- 7.5. Other resource implications
None directly from this report
- 8. Legal Implications**

The attached audit opinion satisfies the legal requirement contained in the Accounts and Audit (England) Regulations 2015 that the Council should “undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Monitoring Officer comments

Date: 23/06/23

The Chief Finance Officer, as the Council’s Section 151 officer, is responsible under the Local Government Act 1972, for ensuring that there are arrangements in place for the proper administration of the Authority’s financial affairs. The work of Internal Audit is an important source of information for the Chief Finance Officer in exercising his responsibility for financial administration.

The assurance provided in this report are to be noted by the Finance and Audit Committee.

9. Risks

- 9.1. The audit needs assessment follows a risk-based audit approach taking cognisance of the Council’s risk register.

10. Climate & Environment Implications

- 10.1. None directly from this report.

11. Consultation

- 11.1. This report has been discussed with the Council’s Section 151 Officer who has regular update meetings with the Deputy Head of Southern Internal Audit partnership.

12. Communication

- 12.1. None directly from this report.

13. Appendices

- 13.1. Appendix 1 - Annual Internal Audit Report and Opinion for 2022-23.

14. Background papers

14.1. Internal Audit Plan 2022-23. Audit and Finance Committee 27 April 2022 Agenda Item 8.

Agreed and signed off by:

Portfolio Holder: Councillor Bowdell

Director: Steven Pink – Chief Finance Officer

Monitoring Officer: Jo McIntosh

Section 151 Officer: Steven Pink

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