

AUDIT COMMITTEE

16 MARCH 2023

INTERNAL AUDIT UPDATE 01 DECEMBER 2022 TO 31 JANUARY 2023

Report from: James Larkin, Head of Audit & Counter Fraud Shared Service
(Chief Audit Executive)

Summary

This report provides Members with an update on the work, outputs, and performance of the Internal Audit Team for the period 01 December 2022 to 31 January 2023.

1. Budget and policy framework

- 1.1. Council delegates responsibility for the oversight and monitoring the effectiveness of the Audit and Counter Fraud Shared Service to the Audit Committee.

2. Background

- 2.1. The Public Sector Internal Audit Standards (the Standards) require that: *The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.*

3. Internal Audit Update Report

- 3.1. The report at Appendix 1 is the third and final update to be produced during 2022-23, ahead of the annual report; detailing the work undertaken by the Internal Audit Team between 01 December 2022 to 31 January 2023 and the progress made against the Q1-Q2 and Q3-Q4 workplans.
- 3.2. Section seven of the update contains details of an amendment to the agreed plan for Q3-Q4 in response to changes in the available resource.
- 3.3. Section eight of the update report includes details of recommendations that are more than six months overdue. Services have provided updates in relation to these recommendations and the reasons for delayed implementation. Revised implementation dates have been requested for a number of these

recommendations and Members' approval is sought to change the implementation dates accordingly.

4. Risk management

- 4.1. This report, summarising the work of the Internal Audit Team, provides a key source of assurance for the council on the adequacy and effectiveness of its internal control arrangements.

5. Climate change implications

- 5.1. There are no climate change implications in this report.

6. Financial implications

- 6.1. An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient, and effective use of council resources in delivery of services.
- 6.2. The budgeted costs for the Internal Audit elements of the Shared Service are £385,401 with Medway's share of these costs being £246,656.

7. Legal implications

- 7.1. The Accounts and Audit Regulations 2015 require local authorities to: 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. The Section 151 Officer of a local authority is responsible for establishing the internal audit service.

8. Recommendations

- 8.1. The Committee is recommended to note the outputs and performance against the Internal Audit Plan for Medway for the period 01 December 2022 to 31 January 2023 as detailed at Appendix 1.
- 8.2. The Committee is recommended to approve the revision to the agreed internal audit plan for Q3-Q4 detailed in section 7 of Appendix 1.
- 8.3. The Committee is recommended to approve the revised implementation dates requested by services as detailed in section 8 of Appendix 1.

Lead officer contact

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Appendices

Appendix 1 – Internal Audit Update Report

Background papers

None