



Report to Audit Committee

Meeting Date – 17 September 2024
Key Decision – No
Public/Private – Public

Portfolio – Governance & Thriving Communities
Directorate – Resources
Lead Officer – Head of Internal Audit & Risk Management

Final Head of Internal Audit Opinion – Cumberland Council 2023/24

Summary

To inform the Committee of the Head of Internal Audit's opinion on the effectiveness of the Council's arrangements for risk management, governance and internal control in place at Cumberland Council for 2023/24 in accordance with the requirements of the Public Sector Internal Audit Standards.

Recommendations:

Members are requested to note:

- (i) The Head of Internal Audit's opinion of partial assurance on the Council's overall systems of governance, risk management and internal control for the year ended 31 March 2024.
- (ii) The Head of Internal Audit's declaration of Internal Audit's independence as required by the mandatory PSIAS.
- (iii) The Head of Internal Audit's declaration of conformance with the mandatory PSIAS.
- (iv) The work undertaken by Internal Audit to form the opinion as specified in the opinion report.
- (v) Internal Audit performance against the agreed Key Performance Indicators.

Tracking

Executive:	
Scrutiny:	
Council:	

1. Background

- 1.1. Local Authorities are required to make proper provision for internal audit in line with the Local Government Act 1972. The Accounts and Audit Regulations 2015 require that the Council undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS). Provision of an annual opinion is a key element of those requirements and this report discharges those responsibilities.
- 1.2. Internal Audit is responsible for providing independent assurance to the Council's Senior Leadership Team and Audit Committee on the systems of governance, risk management and internal control.
- 1.3. It is the responsibility of management to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls operate effectively.

2. Proposals

- 2.1. The Head of Internal Audit Opinion is attached at **Appendix 1**. The report outlines the Head of Internal Audit's opinion on the systems of governance, risk management and internal control. This opinion is a requirement of the PSIAS and a key contributor to the Council's Annual Governance Statement.
- 2.2. The opinion is based on work undertaken by internal audit during 2023/24, as outlined in paragraphs 2.3-2.5 and Appendixes A & B, as well as placing reliance on the work of other assurance providers, as specified in paragraph 2.6.
- 2.3. The Head of Internal Audit is satisfied that sufficient internal audit work has been undertaken to allow an opinion to be provided. A limitation in scope, relating to Internal Audit & Risk Management's administrative responsibilities for Risk Management and Counter-Fraud are stipulated in section 3.
- 2.4. The report confirms Internal Audit have maintained independence during the year, as well as conforming with the PSIAS.
- 2.5. Final outturns for Audit KPIs are recorded in Appendix D.
- 2.6. The opinion provides **partial assurances**. Internal Audit recognise the significant efforts undertaken by management to implement governance, risk management and internal control frameworks, but given the relevant infancy of the Council, these frameworks are, by definition, immature and require further development. This conclusion is supported by the 10 partial assurance audits delivered during the year.
- 2.7. A commentary on key priorities for each area are specified in section 5, but are summarised as follows:

- Enhance understanding of compliance with Good Governance Principles.
- Harmonise structures and utilisation of resources (including ICT).
- Embed Council vision and value consistently across the organisation.
- Ensure adequate resource is available for priority services.
- Develop financial and non-financial reporting information.
- Development risk management (particularly operational risk registers).
- Prioritise recommendations in relation to financial sustainability.
- Address improvements to main financial systems while progressing unification to one main accounting system.
- Continue to improve existing internal controls in relation to cyber-security.

2.8. The opinion was reported to the Senior Leadership Team on 28th August 2024.

3. Alternative options considered

3.1. None

4. Conclusion and reasons for recommendations

4.1. Work on Cumberland Council's Internal Audit plan is complete for 2023/24 and this opinion provides assurances to management over the overall arrangements in place for Governance, Risk Management and Internal Control.

Implications:

Contribution to the Cumberland Plan Priorities - Work undertaken by Internal Audit adds value to the achievement of business objectives through the systematic, objective provision of assurances over the governance, risk management and internal control frameworks in place for the authority.

Relevant Risks – Stated in the report

Consultation / Engagement -

Legal – None

Finance – None

Information Governance – None

Impact Assessments –

Have you screened the decision for impacts using the Impact Assessment?

If you have not screened the decision using the Impact Assessment, please explain your reason.

Contact details:

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Appendices attached to report:

Appendix 1 Final Head of Internal Audit Opinion 2023/24

Background papers:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers: