

---

**Report to:** Governance and Audit Committee

**Date:** 24 July 2023

**Subject:** Internal Audit Annual Report and Opinion

---

**Director:** Angela Taylor, Director of Finance and Commercial Services

**Author:** Bron Baker, Head of Internal Audit

---

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this Report

- 1.1. To ask committee members to consider and note the contents of the report and supporting appendix detailing the Head of Internal Audit's Annual Opinion for 2022/23.

## 2. Information

- 2.1. As the members of the committee will be aware, the Head of Internal Audit is required to give an annual opinion on controls, governance and risk management for inclusion in the annual governance statement. This opinion needs to be based on the work conducted by Internal Audit and takes into account other forms of assurance for example, external assurance from partners, particularly Local Authority partners.
- 2.2. While there have continued to be significant issues in 22/23 related to resourcing constraints and the national difficulties recruiting to auditor posts, Internal Audit has managed to complete sufficient work against the plan, both advisory and assurance, to enable the provision of an opinion which has not had to be limited by the volume and scope of work undertaken for this year.
- 2.3. However, given the growth of the organisation and the consequent responsibilities, that is not sustainable going forward. Internal Audit has,

therefore, committed to conducting a review of the 'audit universe' and to producing an organisation design piece to support the outcomes of that work and to inform a more suitable and appropriate structure for the future. The report and opinion have been considered by the Internal Leadership Board who have endorsed this proposed work.

- 2.4. It should be noted that notwithstanding the fact that there have been more limited and minimal assurance reports in this last year compared to the previous year, the opinion remains that overall there is a balance of controls, governance and risk management practices that are working sufficiently well to enable an opinion of adequate assurance, as per the previous year, to be given for 2022/23.

### **3. Tackling the Climate Emergency Implications**

- 3.1. There are no climate emergency implications directly arising from this report.

### **4. Inclusive Growth Implications**

- 4.1. There are no inclusive growth implications directly arising from this report.

### **5. Equality and Diversity Implications**

- 5.1. The audit of EDI in 22/23 identified some improvements that could be made to assist with the understanding of EDI plans and therefore the embedding of EDI throughout the business. Further work in this area will take place in 23/24.

### **6. Financial Implications**

- 6.1. There are no financial implications directly arising from this report.

### **7. Legal Implications**

- 7.1. There are no legal implications directly arising from this report.

### **8. Staffing Implications**

- 8.1. Staffing implications are likely to arise when the work planned in 23/24 considers the audit universe for the Combined Authority and makes recommendations on the level of coverage in the future.

### **9. External Consultees**

- 9.1. No external consultations have been undertaken.

### **10. Recommendations**

- 10.1. That the Governance and Audit Committee consider and note this report.

## **11. Background Documents**

There are no background documents referenced in this report.

## **12. Appendices**

Appendix 1 – Annual Audit Opinion Report for 2022/23