

Birmingham City Council

Audit Committee

31st January 2024



Subject: Internal Audit Update – January 2024
Report of: Sarah Dunlavey, Assistant Director Audit and Risk Management
Report author: Craig Price, Principal Group Auditor

Does the report contain confidential or exempt information? Yes No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:

1 Executive Summary

- 1.1 The attached report provides an update to the Audit Committee on Internal Audit activity for November and December 2023. It summarises the key findings arising from the work completed and provides a summary of progress against the 2023/24 Internal Audit plan.
- 1.2 The report also provides an update on non-assurance activity including progress in developing a central audit recommendation tracker and Internal Audit report repository.

2 Recommendation(s)

- 2.1 Members are asked to note the update.

3 Background

- 3.1 Management is responsible for the implementation of a sound and effective system of internal control to manage risk effectively.
- 3.2 Internal Audit provide independent and objective assurance to management and those charged with governance on the systems of internal control that have been established, contributing to the overall assurance framework. This is achieved by systematically examining, evaluating, testing, and reporting on the effectiveness of the system of internal control through a risk-based audit methodology. Where

weakness or non-compliance is found, recommendations are made to management to improve the operation of internal controls.

- 3.3 The organisation is continuing to face significant challenges.
- 3.4 During November and December 2023 27 final reports have been issued. The key findings contained with these reports are summarised in the attached report.
- 3.5 As at the end of December 2023 56% of the 2023/24 audit plan has been completed to draft report stage, this is just slightly below our target of 65%. Our target for the year is to complete 95% of the plan to draft report stage.
- 3.6 The plan remains dynamic and under reviewed. The plan is updated and reprioritised in line with emerging issues and demands.

4 Options considered and Recommended Proposal

- 4.1 The report is for information purposes.

5 Legal Implications

- 5.1 Section 151 of the Local Government Act requires the Chief Finance Officer (as responsible officer) to ensure proper administration of the Council's financial affairs.
- 5.2 Under Part 3 of the Accounts and Audit Regulations 2015 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.

6 Financial Implications

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

7 Public Sector Equality Duty

- 7.1 There are no equality duty or equality analysis issues relating to the information set out in this report.

8 Other Implications

8.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 8.1.1 Sound internal controls and financial management underpins all the Council's priorities, plans and strategies.

8.1.2 Management is responsible for the implementation of a sound and effective system of internal control to manage risk effectively.

8.1.3 Internal Audit provide independent and objective assurance to management and those charged with governance on the systems of internal control that have been established.

9 Background Papers

9.1 None.

10 Appendices

10.1 Appendix 1 Internal Audit Update – January 2024