

<b>Title of Report</b>	<b>MANAGEMENT RESPONSE TO INTERNAL AUDIT OPINION 2022/23</b>	
<b>Presented by</b>	Glenn Hammons Interim Director of Resouces	
<b>Background Papers</b>	Internal Audit Annual Report – Audit & Governance Committee – 26 July 2023	<b>Public Report: Yes</b>
<b>Purpose of Report</b>	The report provides a management response and action plan to address the findings of the Annual Internal Audit Opinion 2022/23.	
<b>Recommendations</b>	<p><b>THE COMMITTEE ARE RECOMMENDED TO:</b></p> <ol style="list-style-type: none"> <li><b>1. APPROVE THE ACTION PLAN SET OUT IN APPENDIX 1 WHICH ADDRESS THE FINDINGS OF THE INTERNAL AUDIT OPINION 2022/23.</b></li> <li><b>2. AGREE PROGRESS UPDATES TO BE REPORTED AT FUTURE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE.</b></li> </ol>	

## 1.0 BACKGROUND

- 1.1 In accordance with the Public Sector Internal Audit Standards (PSIAS) the Chief Audit Executive (the Internal Audit Manager at North West Leicestershire District Council) is required to produce an annual report. The report covering the financial year 2022/23 is set out on a separate item on the Committee's agenda.
- 1.2 The Opinion covers the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The draft Internal Audit Annual Opinion for 2022/23 is 'Limited Assurance'.
- 1.3 It is recognised by the Council this level of assurance is not acceptable and requires improvements to be made.
- 1.4 In response to the Opinion the Council have instigated and established an Action Plan to address the concerns and issues raised.

## **2.0 MANAGEMENT RESPONSE AND ACTION PLAN**

- 2.1 The assurance provided by the internal audit function is an important part of the overall corporate governance framework of the Council. The Council are committed to improving the effectiveness of internal audit to optimise assurance. It is recognised this will require process, procedural and, most importantly, cultural change across the Council to provide the appropriate level of assurance.
- 2.2 In response to the Opinion, and recognising the context within which the Opinion has been determined, the Council have developed an Action Plan. The Action Plan is set out at Appendix 1 of the report.
- 2.3 It is important the Action Plan is implemented. To ensure there is a clear focus on delivery of the Action Plan within the Council a clear governance and reporting process is required. From a management perspective the progress against delivery of the Action Plan will be reported to the Statutory Officer Group at its meetings. A status update report on delivery against the Action Plan will be provided to Audit and Governance Committee at future meetings.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	<ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>- Support for businesses and helping people into local jobs</li> <li>- Developing a clean and green district</li> <li>- Local people live in high quality, affordable homes</li> <li>- Our communities are safe, healthy and connected</li> </ul>
Policy Considerations:	Not applicable.
Safeguarding:	Not applicable.
Equalities/Diversity:	Not applicable.
Customer Impact:	Not applicable.
Economic and Social Impact:	Not applicable.
Environment and Climate Change:	Not applicable.
Consultation/Community Engagement:	In developing the Action Plan there has been extensive engagement with statutory officers, the Corporate Leadership Team and the Internal Audit Manger.
Risks:	<p>The Council's governance arrangements are a critical part of its operations to ensure decision making is robust and effective.</p> <p>Internal audit is an important part of these governance arrangements.</p> <p>There are a number of risks to the Council if it does not have a properly functioning internal audit function. These potential risks include reputation, poor decision making, fraud, lack of control and inadequate assurance.</p>
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