

# INTERNAL AUDIT PROGRESS REPORT 2021/22

15 March 2022





## BACKGROUND

- 1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the Service's Audit Charter. In accordance with the PSIAS, the Head of Internal Audit is required to report progress on the programme of internal work to the committee. This is support the annual internal audit opinion and to highlight any emerging significant risks and/or control issues we have become aware of.
- 2 The proposed 2021/22 areas of work for internal audit, and the approach to flexible audit planning, was summarised in the Internal Audit Plan, which was agreed by this committee in March 2021.
- 3 It is important that audit resources are used effectively and continue to focus on those areas which add the most value. The plan is therefore designed to be flexible so that as new risks are identified or priorities change the audit programme can be updated.



## INTERNAL AUDIT PROGRESS

- 4 Since the last committee on 27 January 2022 we have finalised two audits on Policies and Procedures, and Bank Mandate procedures. A full copy of those reports has been circulated separate to this progress report. One draft report on Health and Safety have also been issued. Work is in progress on two other areas of work.
- 5 There are no significant risks and/or significant control issues which we have become aware of, that we need to highlight to the committee.
- 6 Further information on the areas of internal audit work are included in the appendices to this report. Appendix A provides details of the internal audits finished and/or currently in progress and the status of each audit. Appendix B provides further information on audit opinions and priorities for management actions.



## FOLLOW UP OF AGREED ACTIONS

- 7 It is important that agreed actions are followed up to ensure that they have been implemented. Veritau has followed up agreed actions during the year, taking account of the timescales previously agreed with management for implementation. We have no matters to raise with the committee.

## APPENDIX A: 2021/22 INTERNAL AUDIT WORK

### Audits in progress

Audit	Status
Health and Safety	Draft report issued
Risk Management	In progress
ICT Asset Management	In progress

### Final reports issued

Audit	Reported to Committee	Opinion
Bank Mandate procedures	March 2022	No opinion
Policies and procedures	March 2022	Limited Assurance
Payroll – controls review	January 2022	Reasonable Assurance
HR Discipline and Grievance	September 2021	Reasonable Assurance
Payroll – data changes	July 2021	No opinion
Tranman and AMS System	July 2021	Reasonable Assurance

## APPENDIX B: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

### Audit opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit. Our overall audit opinion is based on 4 grades of opinion.

Opinion	Assessment of internal control
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control, to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

### Priorities for actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.