

Contains Confidential or Exempt Information	No
Title	Annual Report on Internal Audits including Head of Audit Opinion and Performance Report.
Contact Details	Mike Pinder, Assistant Director of Audit and Investigations (Ealing and Hounslow Shared Service)
For Consideration By	Audit Committee

1. Details of Recommendations

It is recommended that the Audit Committee:

- Note the performance of the Internal Audit team and key issues arising during the year.
- Note the Head of Audit and Investigations Annual Opinion for 2021/22.

Summary

The attached report describes the annual report and the Head of Audit's Opinion and details of the work completed by the Audit team between July 21 to April 22.

2. Background

This report outlines the performance of Internal Audit from July 2021 (when the agreement began) until March 2022 including all reports finalised during that period.

Internal Audit activity with the WLWA is delivered under an arrangement with the London Boroughs of Ealing and Hounslow (shared service).

Internal Audit (IA) provides an independent assurance which is essential in helping the WLWA achieve its corporate objectives. The plan is designed in line with the size of the organisation as it is relatively small with only 40 employees. It is a requirement of the Accounts and Audit (Amendment) Regulations 2021 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control, and corporate governance processes, taking into account public sector internal auditing standards or guidance.

This report provides the Audit Committee with:

- The Head of Audit Opinion for 2021/22.
- An overview of the WLWA 's risk exposure and overall system of internal control.
- The work undertaken by internal audit in 2021/22.
- Review of the outcomes of key internal audit reports; and
- An overview of the performance of Internal Audit.

The three-year plan is designed to provide assurance over the key areas within the WLWA and its risk register and is suited for a small organisation. Management is consulted each year for input into the annual planning, so issues and concerns are discussed and possibly added to the planned work.

3. Reason for Decision and Options Considered

The Audit Committee is presented with details in the attached report.

4. Key Implications

Internal audit is an assurance function that provides an independent and objective opinion to the WLWA on the control environment comprising of risk management, control, and governance, by evaluating its effectiveness in achieving corporate objectives. It objectively examines, evaluates and report on the adequacy of the control environment as a contribution to the proper, economic, efficient, and effective use of resources. The assurance is based purely on the small programme of work set out in the 2021/22 Plan. As this is the first year of being the internal audit provide the plan and status of follow-ups form the entirety of the opinion. As only a small number of audits are produced each year, we will look to build in other sources of assurance including potentially previous years.

5. Head of Audit Opinion

This report provides a summary of the work carried out by Internal Audit in the financial year 2021/22 and the results of that work as reported to the Audit Committee throughout the year. From the work undertaken during the year, my overall opinion the WLWA's system of internal control, governance and risk management is that:

Reasonable assurance can be given that there is a sound system of internal control, designed to meet the organisations objectives and that controls are applied consistently. For information, this compares with the 2020/21 opinion provided by the previous contracted auditors which was also reasonable.

Internal Audit performed audits on three areas, Health and Safety, Income and Data/Management Information. Two of the three reports received Substantial Assurance and one report received Reasonable Assurance.

The assurance levels for each report are summarised in the table below:

Substantial	1. Health and Safety 2. Data / Management Information
Reasonable	1. Income
Limited	0
Nil	0

The table below provides a guide to how assurance levels are defined.

Assurance Level	Definition
Substantial	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the compliance with some of the control processes may put some of the client's objectives at risk.

Limited	Weakness in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
Nil	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / systems open to error or abuse.

6. Internal Audit Performance

This table report provides a summary of all audits against the internal audit plan for 2021/22. The Health and Safety report was provided to Audit Committee in January 2022. The Income and Data/Management Information reports are also reported to this committee.

	Topic	Description/Indicative Scope	Assurance Status	Final Report to Audit Committee
1	Health and Safety	A review of process for monitoring health and safety of the authority.	Finalised (Substantial)	January 2022
2	Income	A short review to confirm income process.	Finalised (Reasonable)	June 2022
3	Data/Management Information	A review of processes around data and management information for the authority.	Finalised (Substantial)	June 2022

Follow Ups

The table below shows the progress made on the follow ups of recommendations raised in reports. The results are summarised as:

Follow-up of recommendations	Number	%
Number of high-risk findings	0	
Number of medium risk findings	1	
Number of low-risk findings	7	
Number completed	5	62.5%
Number in progress	1	12.5%
Not implemented	0	0%
Not yet due	2	25%

The table below shows the details of risk areas which have not yet been fully implemented:

	Report	Title of Recommendation	High, Medium or Low Risk	Agreed Implementation Date	Status
1	Health and Safety Management	Formal arrangements of checks and policy updates	Low Risk	31 st March changed to June in line with Board Meetings	Evidence of formal arrangements provided. Policies have

					been updated but not put before the Senior Leadership Team for approval. This is now due to be addressed in June.
2	Data Management Information /	Scrutiny workflow	Low Risk	30 th June	Not due yet
3	Data Management Information /	Weighbridge assurance	Low Risk	30 th June	Not due yet