



PARTNERIAETH

Head of Internal Audit Opinion 2022-23

1.0 Introduction

- 1.1 Internal Audit is an independent, objective assurance and consulting service designed to add value and improve Partneriaeth's operations. It helps Partneriaeth accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its governance, internal control, financial and risk management arrangements.
- 1.2 The Public Sector Internal Audit Standards came into effect on 01 April 2013 and requires the Head of Internal Audit to "deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement".
- 1.3 The purpose of the annual internal audit opinion is to contribute to the assurances available to the Section 151 Officer and the Joint Committee which underpin the assessment of the effectiveness of the system of internal control for Partneriaeth. The audit work undertaken has been based on a risk assessment and the Joint Committee will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement.

2.0 Internal Audit Work 2022-23

- 2.1 The Internal Audit Plan for 2022-23 was a risk-based audit plan which was agreed with the Lead Chief Executive, Lead Director, Lead Officer, the Section 151 Officer and the Monitoring Officer. The Partneriaeth Joint Committee approved the Internal Audit workplan at their 03 February 2023 meeting.
- 2.2 The Internal Audit Workplan for 2022-23 consisted of the following, which received a **moderate** assurance opinion.
 - Governance Arrangements – specifically focusing on the Legal Agreement, Local Code of Governance, Roles and Responsibilities, Decision Making Arrangements, Register of Business Interests and Working Arrangements with Authorities who have exited the partnership;
 - Business Planning Arrangements – including the approval and implementation, costing, monitoring, providing value for money and progress reporting;
 - Financial Management Arrangements – including funding arrangements, budgetary setting and control, financial control and grant funding arrangements;
 - Risk Management Arrangements – including the Risk Register development, monitoring and control, and compliance with the UKGDPR and the Data Protection Act.

In addition, the Internal Audit reviews of the relevant main financial systems operated by Pembrokeshire County Council (including Budgetary Control and the Main Accounting System) received a substantial assurance rating, with Treasury Management receiving a moderate assurance rating.

3.0 Delivery of the Internal Audit Workplan

- 3.1 The Internal Audit workplan has been delivered in accordance with the schedule agreed by the Partneriaeth Joint Committee.
- 3.2 The Internal Audit Quality Assurance and Improvement Programme has confirmed compliance with the mandatory requirements of the Public Sector Internal Audit Standards.
- 3.3 Overall, moderate assurance was given on the adequacy and effectiveness of arrangements in place. A number of recommendations have been made within the 2022-23 Internal Audit review which have been incorporated into the Annual Governance Statement 2022-23, and should be used to inform arrangements for future partnership working.

4.0 Head of Internal Audit Opinion

- 4.1 In order to form an opinion on each audit review, the Internal Audit Service have to obtain sufficient evidence on which to base their opinion, and by necessity this results in testing on a sample or selected basis and having to place reliance on assurances provided by management. Due to this, Internal Audit are unable to provide absolute assurance that all the governance, internal control, risk management and financial management arrangements in place in the areas audited are fully adequate and effective.
- 4.2 The Internal Audit Service complies with the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS the Head of Internal Audit is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual opinion of the Head of Internal Audit was;

For the year ending 31 March 2023, based on the work the Internal Audit Service has undertaken, my opinion is that Partneriaeth has a moderate¹ framework of governance, internal control, risk management and financial management arrangements.

- 4.3 Management have agreed to implement the recommendations made following the 2022-23 Internal Audit review. The implementation of these recommendations in an effective and timely manner will assist in strengthening the existing governance, internal control, risk management and financial management arrangements currently in place within Partneriaeth.

¹ **Moderate Assurance Rating definition:** There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which could have an impact on the ability of Partneriaeth to achieve its objectives.

4.4 In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit is expected to annually undertake a self-assessment of compliance with the standards. The self-assessment concluded that the Internal Audit Service conforms to the Code of Ethics and the Public Sector Internal Audit Standards.