



Internal Audit Progress Report 21st September 2023

Paul Somerset, Chief Internal Auditor

1. Introduction

Internal Audit is a statutory function for all local authorities.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015 as to:

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

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2016].

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

This report includes the status against the 2023/24 internal audit plan.

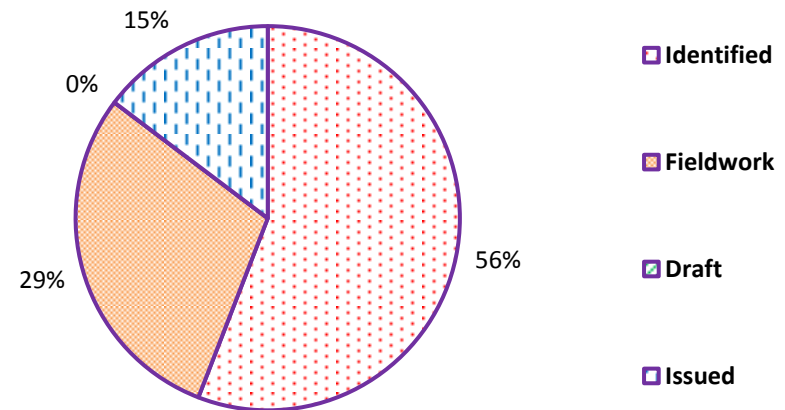
2. Audit Plan Progress as of 31st August 2023

There are 34 audits in the Audit Plan for 2023/24.

To date, 5 (15%) have been issued and 10(29%) are work in progress. Progress against the plan is at a good level for the time of year and there are currently no concerns that the audit plan will not be complete.

Status	Current Position
Identified	19
Fieldwork	10
Draft Report	0
Issued	5

Audit Plan Progress as of 31st August 2023



3. Ongoing Internal Audit Involvement

Internal Audit has provided advice, ongoing reviews and involvement work in the following areas. (For reference, advice is only recorded when the time taken to provide the advice exceeds one hour):

- Regulation of Investigatory Powers Act (RIPA) - authorisations (if applicable) and policy review
- Anti-Money Laundering
- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office
- National Anti-Fraud Network (NAFN) bulletins and intelligence follow up
- Standards and Audit Sub Board - reporting and attendance
- Audit Planning and Consultation
- Risk Management
- Annual Governance Statement
- Counter Fraud
- Corporate Governance Group
- Corporate Management Team
- Corporate Investigations

4. Audit Plan Status/Changes

No changes to the Audit Plan.

5. Areas of Concern

No new areas of concern since the last meeting.

6. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
Assurance	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
Reasonable Assurance	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
Limited Assurance	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
No Assurance	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>
NAT	<i>No areas tested</i>

Audits rated No Assurance are specifically highlighted to the Standards and Audit sub board along with any Section Head comments. The sub board is able to request any section head attends a meeting to discuss the issues.

7. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
Low Risk (Improvement)	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
Medium Risk	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
High Risk	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
Critical Risk	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

Any critical exceptions found the will be reported in their entirety to the Standards and Audit Sub Board along with Section Head comments

8. 2022/23 Audits completed since last meeting

Depot - Streetscene/Housing

Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by April 2024

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

The first high risk exception relates to health and safety accident reporting and the relevant insurances from tenants. The second high risk relates to the timeliness of rent reviews and the overall income maximisation of the depot. The medium risk relates to a lack of suitable maintenance schedule for the site.

Accounts Payable - Finance

Exceptions Raised

Critical	High	Medium	Low
0	3	1	2

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by October 2023

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Limited Assurance

The 3 high risk exceptions relate to Purchase Orders not being raised for all invoices raised, incomplete documentation and checks on supplier detail changes and a lack of required DN numbers on a numbers of orders, which are required to monitor procurement compliance. The medium risk exception related to undocumented fraud checks within the process.

9.2023/24 Audits completed since last meeting

Housing Waiting List - Housing				Overall Assurance Level	Assurance Level by Scope Area	
Exceptions Raised				Reasonable Assurance	Achievement of Strategic Objectives	NAT
Critical	High	Medium	Low		Compliance with Policies, Laws & Regulations	Reasonable Assurance
0	0	1	0	Agreed actions are scheduled to be implemented by April 2024		
				Safeguarding of Assets	NAT	
				Effectiveness and Efficiency of Operations	NAT	
				Reliability and Integrity of Data	Assurance	

The medium risk exception relates to an out of date tenancy strategy.

Contract Management - Corporate				Overall Assurance Level	Assurance Level by Scope Area	
Exceptions Raised				Limited Assurance	Achievement of Strategic Objectives	NAT
Critical	High	Medium	Low		Compliance with Policies, Laws & Regulations	NAT
0	2	2	0	Agreed actions are scheduled to be implemented by April 2024		
				Safeguarding of Assets	Limited Assurance	
				Effectiveness and Efficiency of Operations	NAT	
				Reliability and Integrity of Data	NAT	

The 2 high risk exceptions relate to an incomplete contract register and incomplete contract documentation. The medium risk exceptions relate to lack of evidence regarding KPI monitoring and performance reviews.

Purchase Cards - Corporate

Exceptions Raised

Critical	High	Medium	Low
0	4	1	1

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by December 2023

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	Limited Assurance

The 4 high risk exceptions relate to unapproved transactions, lack of suitable evidence for VAT claims, restricting inactive cards and suitable approval for increased card limits. The medium risks related to a purchase card policy update which is required to give greater clarity in areas such as prohibited expenditure.

Parking - Streetscene

Exceptions Raised

Critical	High	Medium	Low
0	1	2	1

Overall Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by December 2023

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

The high risk relates to incorrect balancing of cash collected from parking machines, however these were in favour of GBC but still highlighted a process issue . The medium risks related to out of date car park inspections and risk assessments.

Transparency Code - Finance				Overall Assurance Level	Assurance Level by Scope Area																			
Exceptions Raised <table border="1"> <tr> <td>Critical</td> <td>High</td> <td>Medium</td> <td>Low</td> </tr> <tr> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> </table>				Critical	High	Medium	Low	0	0	1	0	<table border="1"> <tr> <td>Reasonable Assurance</td> </tr> </table>	Reasonable Assurance	<table border="1"> <tr> <td>Achievement of Strategic Objectives</td> <td>NAT</td> </tr> <tr> <td>Compliance with Policies, Laws & Regulations</td> <td>Reasonable Assurance</td> </tr> <tr> <td>Safeguarding of Assets</td> <td>NAT</td> </tr> <tr> <td>Effectiveness and Efficiency of Operations</td> <td>NAT</td> </tr> <tr> <td>Reliability and Integrity of Data</td> <td>Assurance</td> </tr> </table>	Achievement of Strategic Objectives	NAT	Compliance with Policies, Laws & Regulations	Reasonable Assurance	Safeguarding of Assets	NAT	Effectiveness and Efficiency of Operations	NAT	Reliability and Integrity of Data	Assurance
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The medium risk exception relates to not all the required data being published as part of the Transparency Code.

10. Audits in Progress to Date (31st August 2023)

Audit	Directorate	Delayed	Projected Issued Date	Revised Issued Date	Comments
IT Acquisitions & Procurement	IT	N/A	October 2023	N/A	
License Management	IT	N/A	October 2023	N/A	
IT Help Desk	IT	N/A	September 2023	N/A	
IT Disaster Recovery	IT	N/A	October 2023	N/A	
Time Recording Tensor	Chief Executive	N/A	September 2023	N/A	
Emergency Planning	Chief Executive	N/A	September 2023	N/A	
Customer Services Reception Call Centre	Customer Services	N/A	September 2023	N/A	
Treasury Management	Finance	N/A	September 2023	N/A	
DSO Follow up	Streetscene	N/A	September 2023	N/A	
Leisure Centre - Profit Share	Streetscene	N/A	September 2023	N/A	