



Internal Audit Progress Report 11th January 2024

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.

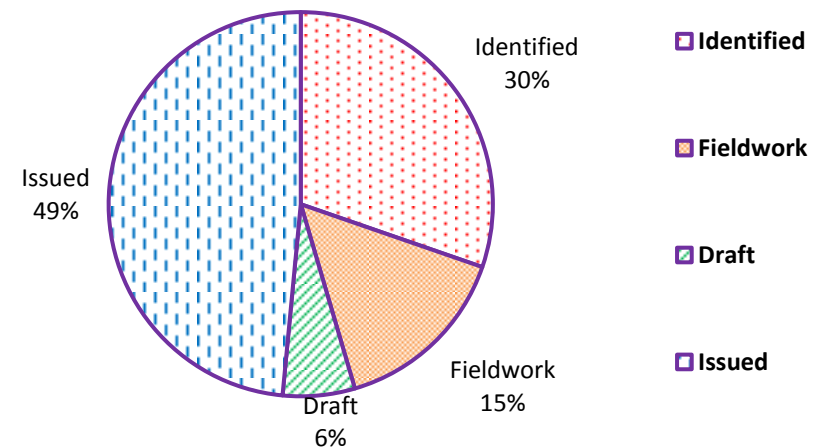
2. Audit Plan Progress as of 13th December 2023

There are now 33 audits in the Audit Plan for 2023/24.

To date, 16 (49%) have been issued, 2 are in draft report stage (6%) and 5 (30%) are work in fieldwork. 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 to enable an audit opinion to be given in July 2024.

Status	Previous Position (October 2023)	Current Position (December 2023)
Identified	13	10
Fieldwork	7	5
Draft Report	3	2
Issued	11	16

Audit Plan Progress as of 13th December 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

- Removed - Facilities Management. Following consultation with the Chief Executive, a Town Hall Security working group whose brief includes reviewing the risks that the audit would have covered. So while the audit is not being conducted, assurances can be placed on the actions/results of the Town Hall Security group, which includes the Chief Internal Auditor.
- Removed - DSO Follow Up. The current interim Head of Streetscene is undertaking a full review of the DSO and as such, conducting the follow up audit would be a duplication of work. The Council will be able to take assurances from the DSO review on risk and control.
- Added - Fuel Cards. Concerns were raised via the Deputy Chief Executive about the administration and monitoring of Fuel cards across the Council

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

8.2023/24 Audits completed since last meeting

IT Acquisitions and Procurement - IT

Exceptions Raised

Critical	High	Medium	Low
0	4	0	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	Limited Assurance
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

The four high risk exceptions relate to an out of date IT strategy, inaccurate IT asset register, control gaps within IT asset management processes and the use/acquisition of non standard IT devices.

IT License Management -IT

Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by March 2024

Assurance Level by Scope Area

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

The high risk exception relates to a lack of central register of software, therefore it was not possible to test and confirm the licenses used were accurate. The medium risk exceptions relate to policy with regards to the increased prevalence of cloud based software and a lack of process on the application of non standard software requests.

IT Disaster Recovery - IT

Exceptions Raised

Critical	High	Medium	Low
0	4	0	1

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by July 2024

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	Limited Assurance
Reliability and Integrity of Data	NAT

The four high risk exceptions relate to the current datacentre contract not complying with procurement regulations, risks around the back up and recovery arrangements in place, issues regarding IT recovery should the datacentre be lost and this then links into the 4th exception regarding all GBC continuity plans relying on the offsite datacentre being available.

Accounts Receivable - Finance

Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Assurance

Assurance Level by Scope Area

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

No issues arose during this audit.

Leisure Centre Profit Share - Streetscene

Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by March 2024

Assurance Level by Scope Area

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

The high risk exception relates to a long standing issue with regards to proposed changes to the contract not being amended in the documentation however the changes have occurred in practice. The medium risk exception relates to the lack of monitoring meetings which were occurring with the contractor.

9. Audits in draft to Date (13th December 2023)

Audit	Directorate	Delayed	Projected Issued Date	Revised Issued Date	Comments
Budget monitoring	Finance	Yes	November 2023	December 2023	Timeline missed as testing took longer than anticipated
Health and Safety Buildings	Corporate	N/A	December 2023	N/A	

10. Audits in Progress to date (13th December 2023)

Audit	Directorate	Delayed	Projected Issued Date	Revised Issued Date	Comments
Council Tax and NNDR	Finance	Yes	November 2023	January 2024	Member of Audit Team conducting the audit was off sick for a considerable period of time
Payroll and Expenses	PCC	Yes	November 2023	January 2024	Due to the backdated pay award, the audit is delayed while Payroll administer this significant piece of work

Environmental Health	Environmental Health	Yes	December 2023	January 2024	Member of Audit Team conducting the audit was off sick for a considerable period of time
Project Management	Corporate	N/A	January 2024	N/A	
Procurement	Corporate	N/A	January 2024	N/A	