

- Official -



## Internal Audit Progress Report 19<sup>th</sup> September 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 2024/25 internal audit plan.

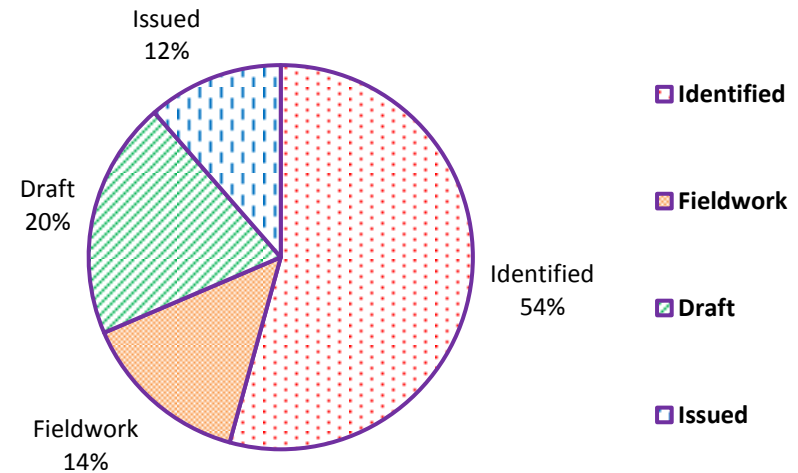
## 2. Audit Plan Progress as of 28<sup>th</sup> August 2024

There are now 35 audits in the Audit Plan for 2024/25.

To date, 4 (12%) have been issued, 7 are in draft report stage (20%) and 5 (14%) are in fieldwork. Progress against the plan is at the required 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 2025.

Status	Current Position
Identified	19
Fieldwork	5
Draft Report	7
Issued	4

### Audit Plan Progress as of 28th August 2024



### 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

- Added - Heritage Action Zones Grant Sign off - Final sign off required on the named grant. Grant requires testing and sign off from the Chief Internal Auditor now the scheme has been completed
- Added - COVID Enforcement Grant - Outstanding grant has been highlighted to Finance from Government and requires testing and sign off from Chief Internal Auditor

### 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
<b>Assurance</b>	<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>
<b>Reasonable Assurance</b>	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
<b>Limited Assurance</b>	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
<b>No Assurance</b>	<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>
<b>NAT</b>	<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
<b>Low Risk (Improvement)</b>	<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>
<b>Medium Risk</b>	<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>
<b>High Risk</b>	<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>
<b>Critical Risk</b>	<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*

## 8.2024/25 Audits completed since last meeting

### Right to Buy - Housing

**Exceptions Raised**

Critical	High	Medium	Low
0	0	0	0

**Overall Assurance Level**

<b>Assurance</b>
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**Assurance Level by Scope Area**

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

No issues arose during the audit

### Legionella Streetscene - Streetscene

**Exceptions Raised**

Critical	High	Medium	Low
0	4	1	1

**Overall Assurance Level**

<b>Limited Assurance</b>
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Agreed actions are scheduled to be implemented by December 2024

**Assurance Level by Scope Area**

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

The four high risk exceptions relate to there being no scheme of control for legionella, as required by legislation. A lack of evidenced remedial work undertaken on areas where a legionella risk is present, no risk assessments for areas where a legionella risk could be present and the absence of legionella log books tracking monitoring work undertaken.

**COVID Enforcement Grant**

**Exceptions Raised**

<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
0	0	0	0

**Overall Assurance Level**

<b>Signed Off</b>
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**Assurance Level by Scope Area**

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

The conditions of the grant were met and the declaration was signed off by the Chief Internal Auditor and s151 Officer.

**Tensor System Follow up - Corporate**

**Original Exceptions Raised**

<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
0	3	1	0

**Follow Up Exception Position**

<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
0	1	1	0

**Original Assurance Level**

<b>Limited Assurance</b>
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**Follow Up Assurance Level**

<b>Reasonable Assurance</b>
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The new implantation dates are scheduled to be completed by September 2024

**Follow Up Assurance Level by Scope Area**

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

The remaining 'in progress' exceptions relate to a software issues regarding lever reports and automatically deactivating cards, both are which are awaiting responses from the suppliers. Also, the management and control of contractor ID cards which is due to be resolved at the next Town Hall Security group meeting held in Q3 of 2024/25.



## 9. Audits in draft to Date (28<sup>th</sup> August 2024)

Audit	Directorate	Delayed	Projected Issued Date	Revised Issued Date	Comments
CCTV	Corporate	N/A	September 2024		
IT Helpdesk Follow Up	IT	N/A	September 2024		
Parking Follow Up	Environmental Health	N/A	September 2024		
Health and Safety Council Buildings Follow Up	Housing	N/A	September 2024		
Leisure Centre Follow Up	Streetscene	N/A	September 2024		
Private Sector Housing	Environmental Health	N/A	September 2024		
Starter Leaver Processes	HR	N/A	September 2024		

## 10. Audits in Progress to date (28<sup>th</sup> August 2024)

Audit	Directorate	Delayed	Projected Issued Date	Revised Issued Date	Comments
Payroll	Finance	N/A	October 2024		
Council Tax and NNDR	Finance	N/A	October 2024		
Commercial Rents	Housing	N/A	October 2024		
Efinancials system	Finance	N/A	October 2024		
Heritage Action Zone Grant	Finance	N/A	September 2024		