

30 October 2023		ITEM: 6
Standards & Audit Committee		
Internal Audit Progress Report 2023/24		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Gary Clifford – Chief Internal Auditor		
Accountable Director: Asmat Hussain – Interim Director of Legal & Governance and Monitoring Officer		
This report is Public		

Executive Summary

The 6-month Internal Audit Plan 2023/24 was discussed and agreed by the Standards & Audit Committee at their meeting of 19th July 2023. This is the first progress report since that meeting and covers final reports issued, draft reports issued and work in progress.

1. Recommendation(s)

1.1 That the Standards & Audit Committee:

Consider the work being carried out by Internal Audit in relation to the 2023/24 audit plan.

Agree changes to the protocol for the circulation of final internal audit reports.

2. Introduction and Background

- 2.1 The Accounts and Audit Regulations 2015 require that a relevant authority must 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.
- 2.2 The Internal Audit Service carries out the work to satisfy this legislative requirement and part of this is reporting the outcome of its work to the Standards & Audit Committee.
- 2.3 The Standards & Audit Committee has a responsibility for reviewing the Council's corporate governance arrangements, including internal control and formally approving the Annual Governance Statement. The audit work carried

out by the Internal Audit Service is a key source of assurance to the Standards & Audit Committee about the operation of the internal control environment.

- 2.4 The audits contained in the 6-month Internal Audit Plan 2023/24 are based on an assessment of risk for each system or operational area. The assessment of risk includes elements such as the level of corporate importance, materiality, service delivery/importance and sensitivity.

3. Issues, Options and Analysis of Options

- 3.1 The reports issued by Internal Audit provide 4 levels of assurance opinion. The 4 opinions use a Red/Amber/Green (RAG) assurance level and reports are now categorised as:

- Green; Amber/Green (positive assurance opinions);
- Amber/Red (negative assurance opinion that provides some assurance but a number of weaknesses were identified); and
- Red (negative assurance opinion).

- 3.2 The purpose of this progress report is not only to highlight reports issued as final but to provide members with an update on work which has reached the draft report stage and work currently in progress. The status of work currently being undertaken is shown in the table at Appendix 1.

- 3.3 During the period being reported on, we have finalised 1 report on the Contract Waiver Process which received an Amber/Red (negative) assurance opinion. Following a 1 to 1 meeting with the Chair of the Standards and Audit Committee on 1st August 2023, the level of detail provided when reporting final reviews has been increased to include the results of the testing.

- 3.4 Further 1 to 1 meetings were held with the Chief Executive and Chair of the Standards and Audit Committee where the circulation list for the issuing of final reports was discussed. The current arrangements limit circulation to the senior management of the service area and Section 151 Officer. Both the Chief Executive and Chair agreed an amended increased circulation as detailed in Appendix 1 of the report.

- 3.5 We also continue to support Children's Service by undertaking monthly assessments of 20% of the claims being submitted as part of the Supporting Families Programme. It is a requirement of the programme that these are carried out by internal audit.

- 3.6 Following meetings with Mazars, the APEX framework is being utilised to provide additional resources to support the service in the delivery of the plan. Dates have been agreed with work to commence during September and October.

3.7 An internal self-assessment of the service against the Public Sector Internal Audit Standards has been undertaken and is included as a separate item on the agenda of this meeting.

4. Reasons for Recommendation

4.1 To assist the Standards & Audit Committee in satisfying itself that progress against the Internal Audit Plan is sufficient as one of the means of assuring itself of the effective operation of internal controls.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The 6-month audit plan is periodically discussed with the Chief Executive, Directors and Assistant Directors before being reported to Senior Leadership Team and the Standards & Audit Committee.

5.2 All terms of reference and draft reports are discussed and agreed with the relevant Corporate Directors, Directors, Assistant Directors and/or management before being finalised.

5.3 The Internal Audit Service also consults with the council's External Auditors to ensure that respective audit plans provide full coverage whilst avoiding duplication.

6. Impact on corporate policies, priorities, performance and community impact

6.1 The council's corporate priorities were used to inform the annual audit plan 2022/23. Recommendations made are designed to further the implementation of these corporate priorities.

7. Implications

7.1 Financial

Implications verified by: **David May**
Strategic Lead Finance

The costs associated with the implementation of audit recommendations will be considered and, where possible, met from existing budgets within the services.

7.2 Legal

Implications verified by: **Jayne Middleton-Albooye**
Interim Head of Legal Services and Deputy Monitoring Officer

The contents of this report and appendix form part of the council's responsibility to comply with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015. The council must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and achievement of its aims and objectives; ensures that the financial and operational management of the council is effective; and includes effective arrangements for the management of risk.

At least annually the council must undertake an effective internal audit to, amongst other things, evaluate the effectiveness of its risk management control and governance processes, taking into account public sector internal auditing standards or guidance. The council has delegated responsibility for ensuring this is taking place to the Standards & Audit Committee. There are no legal implications directly arising from this report.

7.3 **Diversity and Equality**

Implications verified by: **Roxanne Scanlon**
**Community Engagement and Project
Monitoring Officer**

There are no direct diversity or equality implications arising from this progress report.

7.4 **Other implications** (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

In terms of risk and opportunity management, the 6-month Internal Audit Plan and its outcomes are a key part of the council's risk management and assurance frameworks. The Internal Audit Plan is based on risk assessments that include a review of the council's risk and opportunity register.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Strategy for Internal Audit and 6-month Internal Audit Plan 2023/24
- Internal Audit Reports issued in 2023/24.

9. **Appendices to the report**

Appendix 1 – Internal Audit Progress Report 2023/24

Report Author Contact Details:

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