



**Safest People, Safest Places**

## **Audit and Finance Committee**

**10 April 2024**

### **Internal Audit Progress Report**

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#### **Report of the Head of Internal Audit**

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#### **Purpose of the Report**

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2023 and 31 March 2024.
2. The report aims to:
  - Provide a high level of assurance, or otherwise, on internal controls operated across the Authority that have been subject to audit
  - Advise the Committee of significant issues where controls need to improve to effectively manage risks
  - Advise the Committee of any amendments to the approved Internal Audit plan
  - Advise the Committee of changes to audit processes and terminology
  - Track progress on the response to internal audit reports and the implementation of agreed internal audit recommendations
  - Provide an update on our performance indicators comparing actual performance against planned.
3. The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

Appendix 1 Progress against the Internal Audit Plan

Appendix 2 Internal Audit Performance Indicators

Appendix 3\* Overdue Actions

#### **Progress against planned work**

4. A summary of the agreed plan (which covers the 12-month period 01 April 2023 to 31 March 2024) showing the status of each audit as at 15<sup>th</sup> March 2024 is attached at Appendix 1.

5. The Appendix shows that 19 reviews including three that were carried forward from 2022/23 are scheduled to be completed in 2023/24, of these:
  - Five assurance reviews are in progress;
  - Twelve assurance reviews at Draft or Final Report
  - One Counter Fraud review is in progress: and
  - One NFI review is complete
6. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 1.

### **Amendments to Annual Audit Plan**

7. During the period, there have been no amendments made to the Internal Audit Plan.

### **Outstanding management response to draft reports**

8. No management responses to outstanding Draft Reports are overdue.

### **Response to Audit Recommendations**

9. To provide independent assurance that adequate progress is made in the implementation of agreed recommendations at the appropriate service operational level, all high and medium recommendations contained within actions plans within individual audit reports are followed up by internal audit. In addition, listings of all recommendations outstanding at the end of each month are produced and issued to a nominated representative to assist the Service in its own internal monitoring processes.
10. To allow progress made at the operational level to be tracked and monitored, the numbers of all recommendations made arising from each audit complete, and evidenced as implemented, are shown in Appendix 1. It should be noted that Internal Audit will not follow up Best Practice matters raised.
11. A summary of outstanding audit recommendations, i.e. those not implemented within original agreed or revised target dates, as evidenced through Internal Audit follow up, for period ended 15 March 2024 is given in the table below:

<b>Risk Category</b>	<b>Actions Raised</b>	<b>Total Due</b>	<b>Actions Implemented</b>	<b>Overdue Original</b>	<b>Target Revised</b>	<b>Overdue Revised</b>
<b>2020/21</b>						
High	8	8	8	0	0	0
Medium	11	11	10	1	1	0
<b>Total</b>	<b>19</b>	<b>19</b>	<b>18</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>2021/22</b>						
High	0	0	0	0	0	0
Medium	17	17	17	0	0	0
<b>Total</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2022/23</b>						
High	0	0	0	0	0	0
Medium	17	17	17	0	0	0

<b>Total</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2023/24</b>						
High	0	0	0	0	0	0
Medium	16	3	3	0	0	0
<b>Total</b>	<b>16</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>

12. 1 medium priority recommendation is overdue against original target implementation date. Details of the recommendation is shown in Appendix 3 as a Part B Agenda Item.

### Reports issued with a Limited Assurance Opinion

13. No reports have been issued that resulted in a Limited Assurance Opinion.

### Corporate Governance

14. The Annual Governance Statement was approved at the November 2023 meeting of the Committee. The Corporate Governance action plan will now be updated as a means of informing the Authority's Annual Governance Statement 2023/24.

### Counter Fraud

15. The Audit and Finance Committee considered the Annual Fraud and Corruption report at its meeting of 27 September 2023. Internal Audit will continue to work with the Authority through the year in ensuring the robustness of arrangements in place.

### Performance Indicators

16. A summary of agreed target performance indicators is given in Appendix 2.

### Recommendation

17. Members are **asked to**
- **consider** the outturn position in delivering the internal audit plan for 2022/23 together with that made by managers in responding to the work of internal audit to gain assurance on the adequacy and effectiveness of the internal control environment.

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## Appendix 1: Summary of the status of work undertaken and recommendations made and implemented

INTERNAL AUDIT SERVICES							High		Medium		Best Practice
Reviews – 2023-24	Work Schedule	Planned Days	Revised Days	Actual Days	Status	Assurance Opinion	M	I	M	I	M
<b>Planned Work</b>											
Assurance Management – AGS	Q1-4	1	1	0.5	In Progress						
Key Financial Systems	Q3	10	10	13.8	Final Report	<b>Substantial</b>	0	0	1	0	1
Payroll	Q4	8	8	7.9	In Progress						
Treasury Management	Q4	4	4	4.8	Final Report	<b>Substantial</b>	0	0	0	0	0
Performance – Data Quality	Q4	6	6	5	In Progress						
Catering Arrangements	Q3	8	8	8.7	Final Report	<b>Moderate</b>	0	0	4	0	7
Stocks and Stores	Q3	5	5	5.6	Final Report	<b>Substantial</b>	0	0	1	0	1
Home Fire Safety Visits	Q2	5	5	6.9	Final Report	<b>Substantial</b>	0	0	2	0	1
Strategic Risk Management	Q1-4	1	1	0.5	In Progress						
Partnerships	Q4	5	5	7.8	Draft Report						
Change Management	Q3	5	5	7	Draft Report						
Active Directory	Q3	5	5	11	Draft Report						
Data Destruction	Q3	5	5	8.9	Draft Report						
<b>Counter Fraud</b>											
Counter Fraud Awareness	Q1-4	1	1	0.5	In Progress						
NFI	Q1-2	2	2	2	Complete	<b>N/A</b>					
<b>Audit Planning and Reporting</b>											
Service Support	Q1-4	12	12	9.5	In Progress						
<b>Brought Forward Reviews – 2022-23</b>											
Payroll	Q1	8	8	8.5	Final Report	<b>Substantial</b>	0	0	0	0	0
Device Build Process	Q1	0.5	0.5	0.5	Final Report	<b>Substantial</b>	0	0	0	0	0
ICT Business Continuity	Q1	0.5	0.5	1.5	Final Report	<b>Moderate</b>	0	0	4	0	0
<b>TOTAL</b>		<b>92</b>	<b>92</b>	<b>110.9</b>			<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>10</b>

## Appendix 2 Performance Indicators for 2022/23

<b>Efficiency</b>	<b>Objective: To provide maximum assurance to inform the annual audit opinion</b>		
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	<b>Actual</b>
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2024	90%	63% (12 out of 19 reviews completed)
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90%	100% (12 out of 12 Draft Reports issued)
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also to be reported for information	95%	100% (8 out of 8 Final Reports issued)
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95%	100% (12 TOR's issued)
<b>Quality</b>	<b>Objective: To ensure that the service is effective and adding value</b>		
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95%	100% (22/22 recommendations agreed)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100%	100% (average score 4.5 out of 5)
Customers providing feedback Response	% of Customer returning satisfaction returns	70%	71% (5 out of 7 surveys issued)

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