



Safest People, Safest Places

Audit and Finance Committee

27 September 2023

Internal Audit Progress Report 2022/23

Report of the Head of Internal Audit

Purpose of the Report

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2021 and 31 March 2023.
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 Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).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 2022 to 31 March 2023) showing the status of each audit as at 31 March 2023 is attached at Appendix 1.

5. The Appendix shows that 19 reviews including seven that were carried forward from 2021/22 were scheduled to be completed in 2022/23, of these:
 - Thirteen assurance reviews are complete;
 - Four assurance reviews are in progress;
 - One assurance review has been cancelled; and
 - One Counter Fraud 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, the following amendments were made to the plan as agreed with the Deputy Chief Executive

Audit	Reason
Data Quality	Deferred to 23/24 to allow for the publication on the HMICFRS Inspection report
MTPF	This review has been cancelled

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 31 March 2023 is given in the table below:

Risk	Actions	Total	Actions	Overdue	Target	Overdue
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Category	Raised	Due	Implemented	Original	Revised	Revised
2020/21						
High	8	8	8	0	0	0
Medium	11	11	10	1	1	1
Total	19	19	18	1	1	1
2021/22						
High	8	8	8	0	0	0
Medium	25	25	25	0	0	0
Total	33	33	33	0	0	0
2022/23						
High	8	8	8	0	0	0
Medium	23	15	14	1	1	0
Total	33	23	15	1	1	0

12. Two medium priority recommendations are overdue against original target implementation dates. Details of the nine recommendations are 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 is due to be approved at the November meeting of the Committee. Once approved the Corporate Governance action plan will be updated as a means of informing the Authority's Annual Governance Statement 2022/23.

Counter Fraud

15. The Audit and Finance Committee considered the Annual Fraud and Corruption report at its meeting of 28 September 2022. 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 2021/22 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.

Nicola Cooke, Audit Manager, Tel: 03000 269665

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

INTERNAL AUDIT SERVICES							High	High	Medium	Medium	Best Practice
Reviews – 2022-23	Work Schedule	Planned Days	Revised Days	Actual Days	Status	Assurance Opinion	M	I	M	I	M
Planned Work											
Assurance Management – AGS	Q1-4	1	1	0.5	Complete	N/A	8	8	0	0	0
Key Financial Systems (Creditors, Debtors, Income)	Q4	10	10	11.5	Final Report	Substantial	0	0	0	0	0
Payroll	Q4	8	8	1	In Progress						
Treasury Management	Q4	4	4	4.8	Final Report	Substantial	0	0	0	0	0
Medium Term Financial Plan	Q2	5	0	0	Cancelled						
Performance Data Quality	Q2	0	0	0	Cancelled						
Strategic Risk Management	Q1-4	1	1	0.5	In Progress						
Ethics	Q3	5	5	9.7	Final Report	Substantial	0	0	1	1	2
Network Management	Q4	5	5	5.9	Final Report	Moderate	0	0	5	0	1
Device Build Process	Q4	5	5	3.5	In Progress						
ICT Business Continuity	Q4	5	5	3.6	In Progress						
Unplanned Work											
Counter Fraud	Q1-4	1	1	1	Complete	N/A					
NFI	Q3-4	4	4	3	Complete	N/A					
Audit Planning and Reporting											
Service Support	Q1-4	12	12	12.8	Complete	N/A					
Brought Forward Reviews – 2021-22											
Key Financial Systems	Q1	2	2	4.2	Final Report	Substantial	0	0	0	0	1
Payroll	Q1	5	5	9.3	Final Report	Substantial	0	0	0	0	1
Data Quality – Operational Risk Register	Q1	0.5	0.5	2	Final Report	Substantial	0	0	1	1	2
Physical Security	Q4	1	1	2	Final Report	Moderate	0	0	4	0	2
Business Continuity Planning	Q1	1	1	1.1	Final Report	Moderate	0	0	5	5	3
Review of HR related GDPR Arrangements	Q1	4	4	4.4	Final Report	Moderate	0	0	2	0	3
Review of GDPR Management and Principles in IT	Q3	4	4	5.3	Final Report	Moderate	0	0	5	0	1
TOTAL		83.5	78.5	86.1			8	8	23	7	16

Appendix 2 Performance Indicators for 2022/23

Efficiency	Objective: To provide maximum assurance to inform the annual audit opinion		
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2023	90% (Quarterly)	78% (14 out of 18 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% (Quarterly)	100% (11 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% (Quarterly)	100% (11 reports issued)
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (15 TOR's issued)
Quality	Objective: To ensure that the service is effective and adding value		
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (47 accepted out of 47 made)
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% (Quarterly)	100% (5 out of 11 returned) Overall average score 4.5
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	45.5% (5 returned from 11 surveys issued in 2022/23)