

Title: Internal Audit Progress Report: Qtr. 4 2023/24
 Lead Officer: Ian Davy
 Portfolio Holder: Councillor Chilvers
 Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder	28 May 2024	Councillor Chilvers
Finance	28 May 2024	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	28 May 2024	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	28 May 2024	Andrew Rollins
Section 151 Officer	28 May 2024	Andrew Rollins
Monitoring Officer	28 May 2024	Graham Leach
Senior Leadership Team	16 May 2024	Various
Final decision by this Committee or rec to another Cttee / Council?	Yes/ No – Final Decision by this Committee.	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The Report advises on progress in achieving the Internal Audit Plan 2023/24, summarises the audit work completed in the fourth quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

Recommendations

- 1 That the report, including its appendices, be noted and, where appropriate, approved. Specifically:
 - 1.1 That Appendix 1, detailing the performance of Internal Audit in completing the Audit Plan, be considered. (Para. 4.1 of this report)
 - 1.2 That Appendix 2, setting out the action plan accompanying the Internal Audit report issued in the quarter, be reviewed. (Para. 5.3)
 - 1.3 That Appendix 3, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 6.2)
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1 Reason for the Recommendations

- 1.1 Members have responsibility for corporate governance, of which internal audit forms a key part.

2 Background/Information

- 2.1 The Audit and Standards Committee is operating, in effect, as an audit committee in regard to receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources including that of CIPFA and the Chartered Institute of Internal Auditors.
- 2.2 Essentially, the purpose of an audit committee is:
 - To provide independent assurance of the associated control environment.
 - To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
- 2.3 To help fulfil these responsibilities, audit committees should review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- 2.4 The following sections provide information to satisfy these requirements.

3 Assurance

- 3.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness, and economy of financial and other management controls.

- 3.2 Each audit report gives an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands are shown below:

Assurance Levels

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with the controls that do exist.

4 Progress Against Plan

- 4.1 At the start of each year an Audit Plan is approved that sets out the audit assignments to be undertaken. A detailed analysis of progress to date in completing the Audit Plan for 2023/24 is set out as Appendix 1.
- 4.2 There is an overall shortfall of three audits compared to the original plan. This is as a result of a member of the Internal Audit team leaving at the end of quarter three and their replacement not being able to start immediately and needing training once they were in post. These audits have been deferred and have been included within the Strategic Audit Plan which has been reported to an earlier meeting of this committee. This shortfall is also reflected in the number of days worked by the team.
- 4.3 Two of the three ICT audits that were carried forward from 2022/23 were completed during the second quarter. As previously reported, one audit from that year – Cyber Security – is still outstanding. A briefing on this was provided at the Audit and Standards Committee meeting of 27 February by the Head of Customer & Digital Services and by Internal Audit.
- 4.4 A meeting has been held with the ICT Audit Contractor (TIAA) and they have suggested that a draft report should be available by 7 June, so a verbal update will be provided at the Committee meeting and the Committee will be kept informed of progress in respect of this audit until it is complete.

5 Internal Audit Reviews Completed in the Quarter and Management Responses to Recommendations

- 5.1 Sixteen audits were completed in the fourth quarter of 2023/24.
- 5.2 The Internal Audit reports arising from the completed reviews are available for viewing on the online agenda for the meeting.
- 5.3 The action plans accompanying these reports are set out for separate review as Appendix 2. This appendix details the recommendations arising together with the management responses, including target implementation dates.

6 Implementation of Recommendations Issued Previously

- 6.1 All recommendations are followed up once the agreed implementation date has passed. Officers are able to provide an update as soon as they have completed the agreed action, as opposed to waiting to be chased for a response, although the vast majority still have to be chased. The process has recently changed, with automated emails being sent on a weekly basis once the implementation date (or the agreed extension date) has passed until a response has been provided.
- 6.2 The state of implementation for all relevant recommendations is set out in Appendix 3. Responses have been received in respect of all recommendations.
- 6.3 It should also be noted that where officers have not completed the recommendation in line with the original target date, they are now being asked for a new date by which the agreed action will be completed. If this is not met, this will be flagged separately in future reports to Audit and Standards Committee (with, as per usual protocol, the option of Members asking the officers to attend to explain the lack of progress).
- 6.4 The quarter four position shows that, again, there have been revised target dates set for a high number of recommendations. However, due to the timing of the committee meetings, a number of the recommendations already had revised target dates set when the previous quarterly report was presented to this Committee and, as such, the position does not reflect the importance that has been placed on this issue.
- 6.5 Revised target dates have been provided for **seventeen** recommendations relating to the audits of **Open Spaces, Cloud Applications and Hosting Contracts, Financial Strategy, Planning and Budgetary Control, CIVICA APP Application, Tech One (Finance Application) (four recommendations), Website Management (two recommendations), VAT Accounting (two recommendations), Banking Arrangements, Treasury Management, and (ICT) Change Management (three recommendations)**. The target dates in relation to the recommendations from the audits of **Financial Strategy, Planning and Budgetary Control, CIVICA APP Application, Banking Arrangements, Treasury Management and (ICT) Change Management** had been extended previously.
- 6.6 The completion of the **Financial Strategy, Planning and Budgetary Control, and Treasury Management** actions has been affected by the workload of the team including financial year-end processes.
- 6.7 The updated date provided in relation to the **CIVICA APP Application** recommendation was within this same reporting period. It has been confirmed that this action has now been completed.
- 6.8 The two recommendations from the **Website Management** audit have now been actioned. This will be formally reported as part of the Quarter 1 2024/25 update.
- 6.9 The completion of the action in relation to the **Banking Arrangements** recommendation has been delayed due to the increased price of the contract which now requires separate Cabinet approval.

6.10 The completion of the **(ICT) Change Management** recommendations all relate to the updating of the Change Policy which was not previously the priority of the service area. However, the update of this policy is now being prioritised.

7 Review

7.1 Members are reminded that they can see any files produced by Internal Audit that may help to confirm the level of internal control of a service, function or activity that has been audited or that help to verify the performance of Internal Audit.

8 Alternative Options

8.1 The report is not based on 'project appraisal' so this section is not applicable.

9 Legal Implications

9.1 Not applicable.

10 Financial Implications

10.1 Not applicable.

11 Corporate Strategy

11.1 Warwick District Council has adopted a Corporate Strategy that sets three strategic aims for the organisation – see below. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

- Delivering valued, sustainable services.
- Low cost, low carbon energy across the district.
- Creating vibrant, safe and healthy communities of the future.

11.2 Internal Audit contributes to the delivery of these strategic aims as part of an assurance framework. This ensures that the activities necessary to deliver these aims are reviewed and, where appropriate, improved.

12 Environmental/Climate Change Implications

12.1 An effective internal audit function can assist the Council achieve its environmental and climate emergency objectives.

13 Analysis of the Effects on Equality

13.1 An effective internal audit function can help the Council achieve its equality obligations.

14 Data Protection

14.1 An effective internal audit function can help the Council achieve its data protection objectives.

15 Health and Wellbeing

15.1 An effective internal audit function can help the Council achieve its health and wellbeing objectives.

16 Risk Assessment

16.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

17 Consultation

17.1 Please refer to 'header page' of this report.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

Internal Audit Plan

Internal Audit Reports.