

Agenda Item No 6
Audit and Standards Committee
27 February 2024

Title: Internal Audit Progress Report: Qtr. 3 2023/24
Lead Officer: Richard Barr
Portfolio Holder: Councillor Chilvers
Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder	15/02/24	Councillor Chilvers
Finance	08/02/24	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	08/02/24	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	8/02/24	Andrew Rollins
Section 151 Officer	08/02/24	Andrew Rollins
Monitoring Officer	08/02/24	Graham Leach
Senior Leadership Team	08/02/24	Various
Final decision by this Committee or rec to another Cttee / Council?	Yes/ No – Final Decision by this Committee. Recommendation to: Cabinet / Council Committee	
Contrary to Policy / Budget framework?	No/Yes	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No/Yes, Paragraphs:	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No/Yes, Forward Plan item – scheduled for (date)	
Accessibility Checked?	Yes/No	

Summary

The Report advises on progress in achieving the Internal Audit Plan 2023/24, summarises the audit work completed in the third 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 Two of the three ICT audits that were carried forward from 2022/23 were completed during the previous quarter. A briefing on these will be provided at the committee meeting by the Head of Customer & Digital Services and by Internal Audit.

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

- 5.1 Ten audits were completed in the third 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.
- 5.4 As can be seen in the Appendix, responses to recommendations contained in reports that have been issued in the quarter have been received in all cases and none is outstanding.

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. At the time of writing, there is **one** recommendation where we are

still awaiting a response on the state of implementation of the recommendation – highlighted on the appendix in yellow for easy identification. This recommendation relates to the audit of **Planning Policy**.

- 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 Revised target dates have been provided for **twenty** recommendations relating to the audits of **Bereavement Services, Housing Investment and Maintenance Programmes, Allocations, Nominations and Lettings, Banking Arrangements, Grounds Maintenance, Change Management (five recommendations), Corporate Health and Safety, Microsoft 365, Health and Safety Compliance of Council Buildings, CIVICA APP Application, VAT Accounting, Treasury Management, Cloud Applications and Hosting Contracts (three recommendations), and Emergency Planning and Business Continuity Management**. The target date in relation to the recommendations from the audits of **Housing Investment and Maintenance Programmes, Allocations, Nominations and Lettings, Microsoft 365, Health and Safety Compliance of Council Buildings, Treasury Management, and Emergency Planning and Business Continuity Management** had been extended previously.
- 6.5 The updated date provided in relation to the **Housing Investment and Maintenance Programmes** recommendation was within this same reporting period. It has been confirmed that this action has now been completed.
- 6.6 Similarly, the updated date provided in relation to the **Allocations, Nominations and Lettings** recommendation was within this same reporting period. However, due to ongoing issues with access to the system, the target date has now been further extended. A different member of staff has now taken responsibility for completing this action and has set an appropriate timescale to ensure that this can be completed.
- 6.7 Some work has been undertaken with regards to completing the action in respect of the **Microsoft 365** audit. However, further work is required for which there is currently a lack of resource due to working on the office move and other workstreams.
- 6.8 The completion of the **Health and Safety Compliance of Council Buildings** action has been affected by the regulatory compliance review undertaken. The date has been revised to be brought in line with the actions identified within that report.
- 6.9 The action in relation to **Treasury Management** is now timed to fit in line with the reporting of the Annual Treasury Management Strategy Statement. This is going to the March 2024 meetings of Cabinet and Council.
- 6.10 The completion of the **Emergency Planning and Business Continuity Management** action has been delayed due to the absence of the relevant responsible officer.

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.