Agenda Item No 4
Audit and Standards Committee
30 August 2022

Title: Internal Audit Progress Report: Qtr. 1 2022/23

Lead Officer: Richard Barr
Portfolio Holder: Councillor Hales
Wards of the District directly affected: None directly impacted

Summary

The Report advises on progress in achieving the Internal Audit Plan 2022/23, summarises the audit work completed in the first 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, containing guidance on the role and responsibilities of audit committees, be noted. (Paragraph 1.2 of this report)

1.2 That Appendix 2, detailing the performance of Internal Audit in completing the Audit Plan, be considered. (Para. 2.1 of this report)

1.3 That Appendix 3, setting out the action plan accompanying the Internal Audit report issued in the quarter, be reviewed. (Para. 4.4)

1.4 That Appendix 4, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 5.2)

1 Background

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

1.2 The Audit and Standards Committee is operating, in effect, as an audit committee in the context of receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources. That which relates to audit committees' relationship with internal audit and in particular the type and content of reports they should receive from internal audit is summarised in Appendix 1.

1.3 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.

1.4 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.

1.5 The following sections provide information to satisfy these requirements.

2 Assurance

2.1 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.

2.1 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.

At the start of each year an Audit Plan is approved that sets out the audit assignments to be undertaken.

3 Progress Against Plan

2.1 A detailed analysis of progress in completing the Audit Plan for 2022/23 is set out as Appendix 2.

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

4.1 Two audits were completed in the first quarter of 2022/23.

4.2 The Internal Audit reports arising from them are available for viewing on the online agenda for the meeting

4.3 The action plans accompanying these reports are set out for separate review as Appendix 3. This appendix details the recommendations arising together with the management responses, including target implementation dates.

4.4 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.

5 Implementation of Recommendations Issued Previously

5.1 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.

5.2 The state of implementation for all relevant recommendations is set out in Appendix 4.

5.3 As can be seen in the Appendix, updates on responses to recommendations contained in reports that have been issued previously and for which implementation is due have been received in all cases and none is outstanding.

5.4 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).

5.5 Revised target dates have been provided for two recommendations. One of these relates to the Housing Repairs and Maintenance audit and the other relates to the Housing Investment and Maintenance Programmes audit with both largely being delayed due to the (now abandoned) merger process.

6 Review

6.1 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.

7 Alternative Options available to Committee

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

8 Consultation and Members' comments

8.1 Include any comments received in response to the consultation on the report.

No comments received.

9 Implications of the proposal

9.1 Legal/Human Rights Implications

9.1.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

9.2 **Financial**

9.2.1 Include a summary of the financial implications of the proposal.

Not applicable.

9.3 **Council Plan**

9.3.1 **External Impacts**

People - Health, Homes, Communities
Services - Green, Clean, Safe
Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

9.3.2 **Internal Impacts**

People - **Effective Staff**
Services - Maintain or Improve Services
Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

9.4 **Environmental/Climate Change Implications**

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

9.5 **Analysis of the effects on Equality**

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

9.6 **Data Protection**

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

9.7 **Health and Wellbeing**

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

10 Risk Assessment

10.1 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.

11 Conclusion/Reasons for the Recommendation

11.1 The report sets out progress in achieving the Internal Audit Plan 2022/23, summarises the audit work completed in the first quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit. This will aid effective governance within the Council.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

Supporting documents:

Internal Audit Plan

Internal Audit Reports.

Report Information Sheet

Committee/Date	Audit and Standards Committee – 30 August 2022
Title of report	Internal Audit Progress Report: Qtr. 1 2022/23

Consultations undertaken		
Consultee *required	**Date**	**Details of consultation / comments received**
Ward Member(s)		
Portfolio Holder	17/8/2022	
Financial Services		
Legal Services		
Other Services		
Chief Executive(s)	11/8/2022	
Head of Service(s)	11/8/2022	
Section 151 Officer	11/8/2022	
Monitoring Officer	11/8/2022	
SLT	11/8/2022	
Other organisations		

Final decision by this Committee or rec to another Cttee/Council?		The former.
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?		File/Info/Inspect Document/Check Accessibility