

Agenda Item No 7
Audit and Standards Committee
25 September 2023

Title: Internal Audit Progress Report: Qtr. 1 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	08/09/23	Councillor Chilvers
Finance	07/09/23	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	07/09/23	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	07/09/23	Andrew Rollins
Section 151 Officer	07/09/23	Andrew Rollins
Monitoring Officer	07/09/23	Graham Leach
Senior Leadership Team	07/09/23	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 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, 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. 5.4)
 - 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 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 including that of the Council's Audit and Risk Manager.
- 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 The three ICT audits that were carried forward from 2022/23 are not included in the overall number of audits shown at the end of Appendix 1. It should be noted that none of these audits had been completed during Quarter 1 and this Committee (together with SLT) will be kept informed of progress against these audits in the quarterly reports until they are all complete.

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

- 5.1 Five audits were completed in the first 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 Please note that the reports include a report that, due to carelessness on the part of the Audit & Risk Manager, was inadvertently omitted from the last quarter. The report in question is the Royal Pump Rooms.
- 5.4 The action plans accompanying these reports (including the Royal Pump Rooms report) are set out for separate review as Appendix 2. This appendix details the recommendations arising together with the management responses, including target implementation dates.
- 5.5 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.

- 6.2 The state of implementation for all relevant recommendations is set out in Appendix 3. There are no recommendations where we are still awaiting a response on the state of implementation of the recommendation.
- 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 eight recommendations relating to the audits of **Financial Strategy, Planning and Budgetary Control, Open Spaces, Allocations, Nominations and Lettings, Corporate Governance, Electoral Registration, Microsoft 365 and Planning Policy**. The target date in relation to the recommendations from the audits of **Open Spaces, Corporate Governance and Planning Policy** had been extended previously.
- 6.5 The completion of the **Open Spaces** action had been partly completed at the time of the first revised date. Results of a consultation were to be evaluated and written up before being shared with the appropriate party before being publicised and taken forward.
- 6.6 The action in relation to **Corporate Governance** had also partly been completed by the initial revised date but further work was required to collate the information. The newly revised date was within this same reporting period and it has been confirmed that this action has now been undertaken.
- 6.7 The revised date for the **Planning Policy** action had not been met due to the workload of the responsible officer. A commitment to meeting the newly revised date has been given.

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 Business Strategy

11.1 Warwick District Council has adopted a Business Strategy that sets out key areas for service delivery. 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.

11.1.1 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.

11.1.2 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.

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.