

Title: Internal Audit Progress Report: Qtr. 3 2022/23

Lead Officer: Richard Barr

Portfolio Holder: Councillor Hales

Wards of the District directly affected: None directly impacted

<b>Approvals required</b>	<b>Date</b>	<b>Name</b>
<b>Portfolio Holder</b>	08/02/23	Councillor Hales
<b>Finance</b>	02/02/23	Andrew Rollins
<b>Legal Services</b>	Not applicable	
<b>Chief Executive</b>	02/02/23	Chris Elliott
<b>Director of Climate Change</b>	Not applicable	
<b>Head of Service(s)</b>	02/02/23	Andrew Rollins
<b>Section 151 Officer</b>	02/02/23	Andrew Rollins
<b>Monitoring Officer</b>	02/02/23	Andrew Jones
<b>Leadership Co-ordination Group</b>	02/02/23	Various
<b>Final decision by this Committee or rec to another Cttee / Council?</b>	Yes/ No Recommendation to: Cabinet / Council ..... Committee	
<b>Contrary to Policy / Budget framework?</b>	No/Yes	
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>	No/Yes, Paragraphs:	
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>	No/Yes, Forward Plan item – scheduled for ..... (date)	
<b>Accessibility Checked?</b>	Yes/No	

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## Summary

The Report advises on progress in achieving the Internal Audit Plan 2022/23, 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, 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. 3.1 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. 4.3)
    - 1.4 That Appendix 4, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 5.2)
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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. 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.
- 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.

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

**4 Progress Against Plan**

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

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

- 5.1 Ten audits were completed in the third quarter of 2022/23.
- 5.2 All audits received a substantial level of assurance.
- 5.3 The Internal Audit reports arising from the completed reviews are available for viewing on the online agenda for the meeting.
- 5.4 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.
- 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 a degree of "chasing" is required in many cases.

- 6.2 The state of implementation for all relevant recommendations is set out in Appendix 4.
- 6.3 Revised target dates have been provided for five recommendations relating to audits of **Leaseholder Service Charges, Open Spaces, Financial Strategy, Planning and Budgetary Control, and Housing Investment and Maintenance Programmes**. The target dates in relation to **Leaseholder Service Charges** and **Housing Investment and Maintenance Programmes** had been extended previously.
- 6.4 Completion of the action in relation to the **Leaseholder Service Charges** audit recommendation had been due to a delay in receipt of information required from an external body. This has now been received so it is anticipated that the action can now be completed.
- 6.5 Changes in departmental structure and the fallout from the failed merger had impacted the completion of the recommendation from the **Housing Investment and Maintenance Programmes**. A new officer has now been given responsibility for completing this action.

## **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 which 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.