



Internal Audit Progress Report – November 2023

The Head of Internal Audit is required to provide a written status report to Senior Management and Members, summarising internal audit activity.

Table of contents

- Role of Internal Audit3
- The purpose of the document 4
- Performance dashboard..... 5
- Update on Internal Audit Activity..... 6
- Analysis of ‘live’ audit reviews 7
- Executive summaries10
- Planning and resourcing13
- Work programme14

Appendices:

- Appendix 1 – Overdue critical/high priority actions15
- Appendix 2 – Overdue medium/low priority actions.....16

Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.'

The standards for 'proper practices'; are laid down in the Public Sector Internal Audit Standards [the Standards -updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.'

The District Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the District Council that these arrangements are in place and operating effectively.

The District Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The Purpose of the Report

In accordance with the proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter, the Head of Internal Audit is required to provide a written status report to Senior Management and Members summarising:

- the status of live internal audit reports.
- an update on progress against the internal audit plan.
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact of the Head of Internal Audits annual opinion.

Assurance opinions are categorised as follows:

- Substantial** A reliable system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

- Adequate** There is a generally reliable system of governance, risk management and control in place. Some issues of non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

- Limited** Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

- No** Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks in the achievement of the objectives for the area audited.

Performance Dashboard

Figure 1

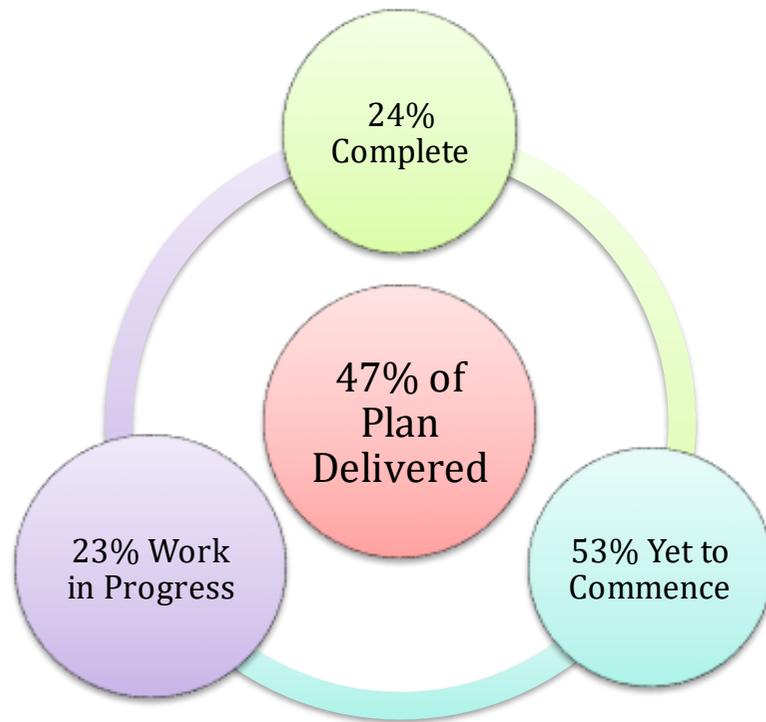


Figure 1 shows the completion of the internal audit plan to date. As quarter 1 focused on internal staff training, we will deliver the audit plan across the remaining 9 months. Our expected progress as at 31 October would be 44% of plan delivered (this includes both completed audits & work in progress). Agreed fieldwork start dates are in place for the remaining audits inline with both our resources and management availability. Adhering to these dates will allow our audit plan to be delivered by 31 March.

Figure 2 shows the feedback received for the work completed. There is an expectation that all clients will provide feedback on their audit experience with the team. The results of audit feedback will be used by managers in developing team and individual improvements as well as to inform training requirements and quality learning across the entire audit team.

We have received feedback for two completed audits, Equality & Diversity and Key Project – Refurbishment of Saxilby Footbridge. This is shown below.

Figure 2



Update on Internal Audit Activity

Since our last progress report in September 2023, we have agreed our audit schedule with Management Team and our resources are in place to deliver the remainder of the audit plan. We have been successful in filling our vacant Senior Auditor positions. To support timely delivery of the Council's Internal Audit plan across the remainder of the year, we will also be utilising some external resource. As part of our resource planning, we regularly and closely monitor progress with delivery so that we can assure Management & Members of our ability to deliver the plan in real time. Further details can be found in the Planning & Resourcing section of this report.

Completed

We have issued one audit report during this period:

Key Project – Refurbishment of Saxilby Footbridge – Adequate Assurance

The summary of key observations is provided in the Executive Summary section of this report.

In Progress

We have three audits in progress:

ICT – Cyber security

ICT- Incident Management

Procurement

Combined Assurance

Annually we undertake our combined assurance work, where we identify and map the main sources and types of assurance across the Council and coordinate them to best effect. The outcome of this work is a Combined Assurance map and a Combined Assurance report. The map supports the development of the Internal Audit plan as well as being a key management tool. The Combined Assurance report will be reported to Governance & Audit Committee at a future meeting.

Analysis of Audit Reviews

The table below shows the audits completed since April 2023 along with details of the actions. One action is overdue; however significant work has been undertaken towards completing this. This action relates to bi-monthly reporting of Council Tax accounts on hold to ensure debt is being pursued. Although this is yet to be in place, the team have undertaken a full review of all accounts on hold and bi monthly reporting will commence from 1 December. A detailed update can be found in Appendix 2.

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions	Not Accepted	Not Yet Due	Completed	Overdue	
								High	Medium
ICT Patch Management	Apr-23	Director Change Management & Regulatory Services	High	0	0	0	0	0	0
ICT Asset Management	Apr-23	Director Change Management & Regulatory Services	Substantial	8	0	5	3	0	0
Risk Management	Apr-23	Director of Corporate Services	Substantial	5	0	1	4	0	0
Key Control testing	May-23	Director of Corporate Services	Substantial	5	0	0	4	0	1
Key Project - CRM System	May-23	Director Change Management & Regulatory Services	Consultancy	0	0	0	0	0	0
TOTAL								0	1

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions	Not Accepted	Not Yet Due	Completed	Overdue			
								High	Medium	Low	Critical
2023/24											
Equality Impact Assessments	Jul-23	Assistant Director People & Democratic	Adequate	11	0	8	3	0	0	0	0
Key Project – Refurbishment of Saxilby Footbridge	Oct- 23	Director Planning, Regeneration & Communities	Adequate	12	0	12	0	0	0	0	0
TOTAL								0	0	0	0

The table below shows the actions remaining to be implemented from reports issued prior to April 2023. No actions are overdue and 5 actions are not yet due to be completed.

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions	Not Accepted	Not Yet Due	Completed	Overdue	
								High	Medium
2020/21 ICT Email Security	02/02/2021	Director Change Management & Regulatory Services	Substantial	6	0	0	6	0	0
2021/22 Key Control testing	22/08/2022	Director of Corporate Services	Substantial	5	0	2	3	0	0
2021/22 Carbon Management	18/05/2022	Head of Policy & Strategy	Substantial	1	0	0	1	0	0
2022/23 Contract Management	21/12/2022	Management Team	Substantial	4	0	3	1	0	0
TOTAL								0	0

Executive Summaries of 'Limited' or 'No' Assurance Opinions

There have been no reports issued during this period with a Limited or No Assurance Opinion.

Executive Summaries of ‘Substantial’ or ‘Adequate’ Assurance Opinions

The table below provides a summary of the substantial or adequate assurance reports published since the last progress report.

Audit Review Title: Key Project – Refurbishment of Saxilby Footbridge					
Audit Sponsor	Assurance Opinion	Management Actions			
Director Planning, Regeneration & Communities	Adequate	Low 4	Medium 8	High 0	Critical 0
<p>Summary of Key Observations:</p> <p>As part of the Internal Audit plan for 2023/24, audit have undertaken a review of the Key Project – Refurbishment of Saxilby Footbridge in order to provide assurance that effective arrangements, systems and processes are in place to support the delivery of the project.</p> <p>The review found that clear governance and management processes are in place and the Council has ensured that the heritage of the bridge remains unharmed. There is a framework in place to support the effective delivery of Projects across the Council, however further work is required to ensure full consistency of application, understanding of roles and responsibilities, compliance and completion of project documentation at the relevant stages.</p> <p>While the Project Team had clear lines of reporting within the project, the programme update reports to the Land, Property and Growth Programme and the Portfolio Boards provide limited insight into the delivery and financial position of the Saxilby Footbridge Refurbishment Project. The provision of detailed key project data will support the Board in effectively monitoring progress, providing challenge and being able to make fully informed decisions in relation to the project.</p> <p>Although the project forecasts an overspend and the bridge is due to be returned later than planned, this was primarily due to unforeseen repairs identified during the works undertaken and a protracted tender process following a lack of supplier interest, rather than a lack of governance or the issues raised within the report.</p>					

The new Project Office approach introduced in mid-2023 will provide closer collaboration between the Project team and Project Office. This should improve the quality of project documentation, enhance oversight and transparency and support effective decision making.

A number of recommendations were made to strengthen the processes in place, which included: -

- Details and justification are provided in the update reports where a red or an amber RAG status has been identified for both financial and delivery progress
- The Project Delivery Plan is updated with the required project data, regularly reviewed for completeness and accuracy
- Quality Assurance is undertaken on the project by the Project Office team including stage documentation prior to submission
- The Project Management Framework is updated to incorporate the new approach of the Project Office and this is implemented for the remainder of the project
- All project documentation should be stored within the Project Office Hub
- Seek legal advice as to the ownership of the Footbridge so that the implications are fully understood and an informed decision around its ownership can be made by the Council

Planning and Resourcing

The table below shares an update on the delivery programme for the Council’s audits. This will include audit assignments from 2022/23 and 2023/2024. The report will hold a maximum of two years of internal audit work to allow the progress and delivery to be monitored. As there has been a change to the assurance ratings applied to assurance work from 2023/2024, the equivalent updated rating has been included for 2022/2023.

For the remaining Q3 & Q4 audits, we have provided intended fieldwork start dates to support Members in their monitoring of delivery. *Please note that these are intended start dates but could be subject to change if unforeseen circumstances arise.*

Key to the colour coded table

Green – Complete, Amber- In Progress

Work Plan

Audit Review	Audit Sponsor	Scoping	Audit Objective	Fieldwork	Draft Report	Final Report	Assurance Opinion / Equivalent
ASSURANCE WORK 2022/2023							
ICT Patch Management	Director Change Management & Regulatory Services	✓	✓	✓	13/01/23	12/04/23	High
ICT Asset Management	Director Change Management & Regulatory Services	✓	✓	✓	01/04/23	06/04/23	Substantial
Key Control testing	Director of Corporate Services	✓	✓	✓	19/05/23	22/05/23	Substantial
Key Project – CRM System	Director Change Management & Regulatory Services	✓	✓	✓	04/05/23	22/05/23	Consultancy

Audit Review	Audit Sponsor	Scoping	Audit Objective	Fieldwork Commences	Draft Report	Final Report	Assurance Opinion or Equivalent
ASSURANCE WORK 2023/2024				(W/C)			
Equality Impact Assessments	Assistant Director People & Democratic	✓	✓	16/06/23	25/07/23	02/08/23	Adequate
Key Project Review – Refurbishment of Saxilby Footbridge	Director Planning, Regeneration & Communities	✓	✓	25/09/23	25/10/23	08/11/23	Adequate
ICT Cyber Security	Director Change Management & Regulatory Services	✓	✓	25/09/23	31/10/23	TBC	TBC
Combined Assurance	Director Corporate Services	✓	✓	28/11/23			
Procurement	Director Commercial & Operational Services	✓	✓	20/11/23			
ICT Incident Management	Director Change Management & Regulatory Services	✓	✓	04/12/23			
Key Control testing	Director Corporate Services			29/01/23			
Levelling Up Fund Phase 2	Director Planning, Regeneration & Communities			08/01/23			
Performance Management	Director Change Management, ICT & Regulatory Services			08/01/23			
Safeguarding Policy	Assistant Director People & Democratic			29/01/23			

Overdue Critical or High priority actions

There are no overdue Critical or High priority actions to report during this period.

Overdue Medium and Low priority actions

Audit Review	Audit Sponsor	Priority	Agreed Action	Owner	Original Due Date	Current Due Date	Comments
WLDC 2022/23 Key Control Testing	Director of Corporate Services	Medium	All accounts on hold will be reviewed on a bi-monthly basis to ensure debt is being pursued.	Revenues Manager	30/06/23	31/10/23	<p>All accounts on hold have been reviewed to identify any with an outstanding balance and an old date. A weekly review report has also been produced.</p> <p>A bi-monthly report will be produced from 1 December which will ensure no accounts are missed moving forward.</p> <p><i>Revised Date 31 December 23</i></p>