

Wednesday, 25 October 2023

Report of the Audit Manager

Internal Audit Quarter 2 Progress Report & External Quality Assessment Action Plan

Exempt Information

None.

Purpose

To provide Audit & Governance Committee with internal audit's progress report for the period to 30th September 2023. In addition to provide an update on internal audit's progress in implementing the External Quality Assessment Action Plan for 2023/24.

Recommendations

It is recommended that the Committee notes the following reports:

- Internal Audit's Quarterly Report (**Appendix 1**); and
- External Quality Assessment Action Plan (**Appendix 2**).

Executive Summary

The Accounts and Audit Regulations 2015 require councils to undertake an effective internal audit to evaluate effectiveness of their risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards and guidance.

Progress during Quarter 2 of 2023/24 is contained and detailed in **Appendix 1** to this report. The profiled audit plan completion was expected to be 50% of the audit plan by 30th September 2023. During Quarter 2 of 2023/24 we have completed 25% of the overall audit plan i.e., 4 out of the 16 planned audits. It should be noted that the 3 reviews deferred from 2022/23 have also been fully completed and final reports issued. All work allocated has been briefed and scoped. In addition, start dates have been agreed with management and these are included within the Appendix.

Committee requested at its meeting on 23rd August 2023 that further detail and information be provided in respect of currently outstanding audit recommendations. This is contained in **Appendix 1** of this report. As at 30th September 2023 there are currently 38 outstanding recommendations (11 high priority, 17 medium priority and 10 low priority), this is an overall reduction from 64 at the end of quarter 1 for 2023/24. In all categories (high, medium and low) there has been a reduction in the numbers outstanding. The individual high priority recommendations are shown as a table in **Appendix 1** of my report and includes current progress and comments from management.

Internal Audit is required to comply with the Public Sector Internal Audit Standards and part of this requirement is for an external quality assessment to be undertaken. As outlined and agreed previously the committee required regularly quarterly updates in the implementation of the Assessments Action Plan. The updated Action Plan is contained and detailed in

Appendix 2 of this report. Analysis of implementation of all recommendations and suggested improvement are shown in the tables below.

External Quality Assessment Recommendations

Priority	No. raised	No. implemented	% completion
Review	7	4	57%
Consider	5	4	80%
	12	8	67%

Ongoing progress has been made in respect of the findings from the External Quality Assessment and two-thirds of these recommendations have now been implemented. It should be noted of the remaining recommendations these will complete towards the end of the year once the suggested improvements have been fully developed and implemented.

External Quality Assessment – Suggested Improvements

No. raised	No. implemented	% completion
6	5	83%

The review also identified a number of suggested service improvements and these were fully agreed at the conclusion of the review. Overall we have one suggested improvement to be implemented, this will be completed by the end of the financial year.

Audit Opinion

In giving an opinion, contained in **Appendix 1**, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, the following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation’s objectives or activities.
- Whether or not any limitations have been placed on the scope of internalaudit.
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation’s internal audit needs have been covered to date.

Options Considered

Not Applicable.

Resource Implications

Not Applicable.

Legal/Risk Implications Background

Failure to report would lead to non-compliance with the requirements of the Annual Governance Statement and the Public Sector Internal Audit Standards.

Equalities Implications

None.

Environment and Sustainability Implications (including climate change)

None.

Background Information

None.

Report Author

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List of Background Papers

Appendices

Appendix 1 – Quarterly Internal Audit Progress Report including progress to 30 September 2023.

Appendix 2 – External Quality Assessment Action Plan.

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