

AUDIT AND GOVERNANCE COMMITTEE

DATE	7 November 2024
REPORT OF	Peter Hanmer - Head of Audit and Assurance
SUBJECT	Internal Audit Update November 2024
STATUS	Open

CONTRIBUTION TO OUR AIMS

An effective control framework, good governance and risk management is fundamental to the effective delivery of the Council's services and its strategic aims. Internal Audit supports this by providing assurance, challenge and advice on their design and operation. Furthermore, the Internal Audit programme is risk based with specific priority given to those systems and processes which support the delivery of the Council's strategic aims.

EXECUTIVE SUMMARY

As set out in the Public Sector Internal Audit Standards (PSIAS) there is a requirement under PSIAS 2450 for the Chief Audit Executive to provide regular updates on the delivery of the audit plan. This report provides an update on the delivery of internal audit work up to 30 September 2024.

RECOMMENDATIONS

It is recommended that as part of its role in reviewing the effectiveness of the Council's governance arrangements, the Audit and Governance Committee considers and receives this report and seek assurance on the delivery of the Internal Audit plan and any issues arising from the audits completed.

REASONS FOR DECISION

It is a requirement of the Public Sector Internal Audit Standards (PSIAS) for the Audit and Governance Committee to receive updates on the delivery of the Audit Plan and any issues arising from it. Chief Audit Executive to produce an Annual Report incorporating his/ her opinion on the design and operation of the control environment.

1. BACKGROUND AND ISSUES

At the meeting of the Audit and Governance Committee held on 18 April 2024, the Head of Audit and Assurance presented the Internal Audit Plan 2024/25. The report provided an outline of the audit priorities and activities up to May 2025 how it will be delivered and resourced, a commentary on the methodology for its compilation, and assurance on compliance with auditing standards. A further update was provided to the Committee on 25 July 2024. As Members will be aware the plan is subject to regular review and amendment to take account of changes in the Council's risk profiles and priorities, and the level of audit resources available.

Completed Audits as per 30 September 2024

Appendix 1 shows the outcomes of completed audits since the production of the Annual Head of Internal Audit Report and Opinion issued on 30 June 2024. In addition, during the period audit has also certified grants relating to Local Transport Plan and Bus Subsidies

Progress in delivering the 2024/25 audit plan

The table below shows progress in the delivery of the 2023/24 audit plan up to 30 September 2024, as well as the completion of 2023/24 assignments carried forward from 30 June 2024.

Completion of 2024/25 audits as per 30 September 2024

Complete	4.44%
Draft	0%
Audits subject to QA before the draft report is issued	4.44%
In progress	26.67%
In preparation	13.33 %
Not Started	51.12%

Completion of 23/24 audits carried forward from 30 June 2024 as per 30 September

Complete	42.86%
Draft	21.42%
Field Work Complete	0%
In progress	28.57%
Cancelled (work carried out in 23/24 incorporated into a planned 24/25 audit)	7.15%

Resourcing

In relation to resourcing the audit plan, in July 2024 audit highlighted that the delivery of the plan was at risk due to vacancies across the shared service and the need to successfully fill them, securing temporary support and ensuring 75 days contingency was not exceeded (and ideally some of them not being required). Following a recent recruitment exercise 3 of our 5 vacancies across the shared should be filled by 31 December 2024 subject to the usual recruitment checks, and we will be recruiting for the remaining posts shortly. Audit also has support from a third-party audit provider for the completion of some 2023/24 and 2024/25 assignments, whilst audit has not yet needed to make use of the planned contingency. However, there remains a risk that audit will not have sufficient resources to complete our work by the target date of 31 May 2024 and Audit is currently assessing its resourcing gap. An update will be provided in the Interim Audit Report to be presented to the Audit Committee in January 2025.

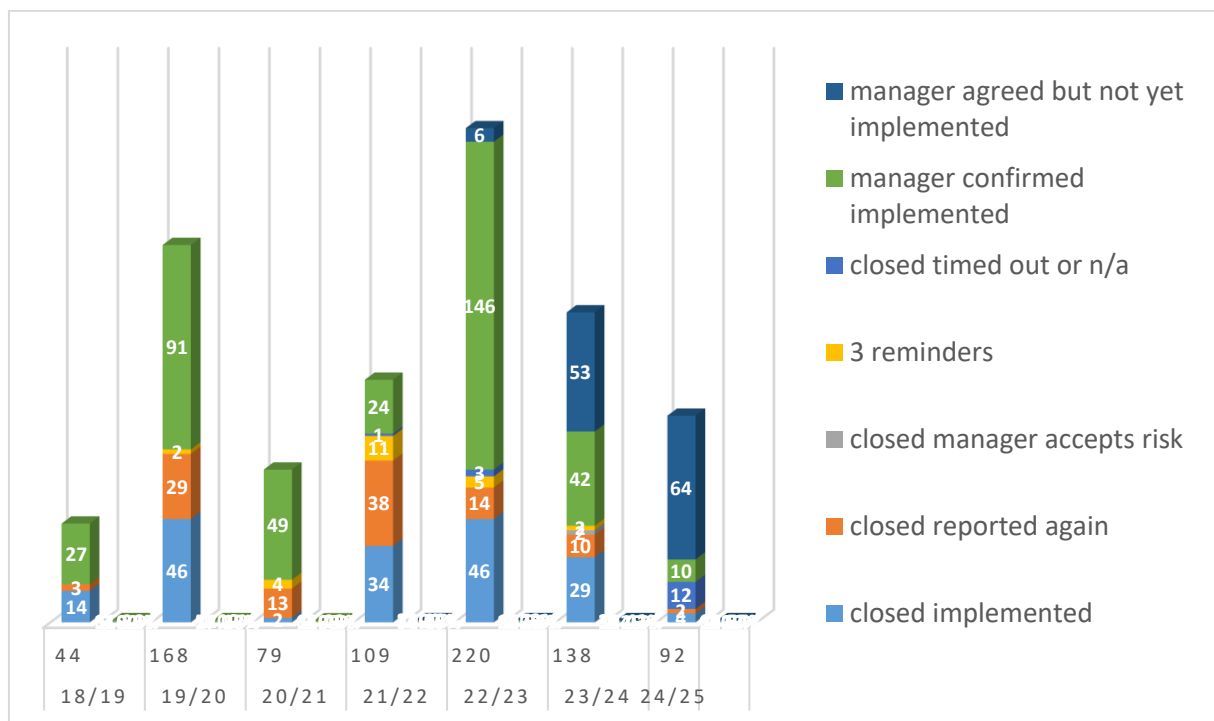
Action Tracking

There is an expectation that managers implement agreed action by the due date. As previously reported audit pursue all actions until they are closed (either being confirmed as implemented via specific audit testing, by being confirmed by the relevant manager that they have been implemented, or in some cases when the action is no longer applicable). There are reasonably low numbers of cases where audit have retested an action and reported it again as not yet implemented, but where this occurs it continues to pursue the action until closed

The graph below shows that the number of outstanding actions from previous year is low, and although there is a greater number in 2023/24 and 2024/25 this will always be largely due to the implementation date not having occurred.

In October 2024 audit switched to a new business licence approach in which there will be greater onus on managers to report on the progress of implementing actions via automated reminders. As shown below the number of managers requiring three reminder emails has been low, and it is anticipated that this should reduce this further. A system for reporting non-compliance to Assistant Directors is under development. .

Implementation of audit actions



New Standards Implementation

As previously reported revised Global Internal Audit Standards will come into force from 1 April 2025. [globalinternalauditstandards_2024january9_editable.pdf \(theiia.org\)](#) Their UK application will be through an application note which is currently out to consultation [GIAS-application-note-Oct-2024.pdf](#), whilst CIPFA have produced a code of practice as to how they will be applied within Local Government. [Code of Practice for the Governance of IA in Local Govt | CIPFA](#) . The updated standards include specific requirements for Audit Committees. These will be discussed with the Audit and Governance Committee in early 2025 as part of run up to their implementation.

2. RISKS AND OPPORTUNITIES

The compilation of the audit plan, and any updates and amendments to it, is based on risk with those areas with the potential biggest risk to an effective control environment being prioritised. The achievement of the Council's strategic outcomes, its legislative and regulatory responsibilities and the Council's risk register are all considered when compiling and updating the audit plan.

The outcome of audit work, as shown in Appendix 1, has identified gaps in the Council's control environment which will need to be managed, whilst Section 1 of this report has highlighted potential risks to the delivery of the audit plan.

3. OTHER OPTIONS CONSIDERED

Not applicable. The production of this report is a requirement of the Public Sector Internal Audit Standards.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are no specific reputation issues in relation to this report.

5. FINANCIAL CONSIDERATIONS

One of the key aspects of internal audit work is to consider the Council's systems of financial control. This is considered not only in specific audits of its key financial systems, but in most other audit assignments.

6. CHILDREN AND YOUNG PEOPLE CONSIDERATIONS

Audit assignments, and other sources of assurance, relating to Children's Services contribute to the overall opinion on the Council's control environment. There are no specific issues related to Children and Young People which require attention in this report.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Climate change and the environment are included in audit's planning considerations. There are no specific issues related to Climate Change and the Environment which require attention in this report

8. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. However, the report provides assurance over the reliability of the systems supporting the financial information provided within the statement of accounts.

9. LEGAL IMPLICATIONS

There are no specific legal implications associated with this report.

10. HUMAN RESOURCES IMPLICATIONS

There are no direct specific human resources implications associated with this report.

11. WARD IMPLICATIONS

The report covers issues affecting the whole operation of the council and therefore is relevant to all wards.

12. BACKGROUND PAPERS

None.

13. CONTACT OFFICER(S)

Peter Hanmer, (Head of Audit and Assurance)
Telephone: 01472 323799

Peter Hanmer
Head of Audit and Assurance