

**THE INTERNAL AUDIT PROGRESS REPORT**

Relevant Portfolio Holder	Councillor Luke Court
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, s151 Officer
Report Author: Adrian Howe	Job Title: Interim Audit Team Leader Worcestershire Internal Audit Shared Service Contact email: <a href="mailto:adrian.howe@worcester.gov.uk">adrian.howe@worcester.gov.uk</a>
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management Underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1.    RECOMMENDATIONS**

**The Audit, Governance & Standards Committee is asked to RESOLVE:-**

**1) the report is noted.**

**2.    BACKGROUND**

The involvement of Member's in progress monitoring is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

This section of the report provides commentary on Internal Audit's performance for the period 01<sup>st</sup> April 2023 to 31<sup>st</sup> December 2023.

**Summary Dashboard 2023/24:**

Total reviews planned for 2023/24	15 (minimum)
Reviews finalised to date for 2023/24:	5
Assurance of 'moderate' or below:	0
Reviews awaiting final sign off:	1
Reviews ongoing:	13
Reviews to commence (Q4):	3
High' Priority recommendations reported 2023/24:	0
Satisfied 'High' priority recommendations to date:	N/a
Plan delivery to 31 <sup>st</sup> December 2023:	34%

Since the last progress report presented to the Committee, one 2022/23 report is at clearance/draft report stage and thirteen 2023/24 reviews have being planned or have commenced.

Follow Up outcomes are reported in Appendices 4 and 5 and by exception.

All 'limited' or below assurance reviews go before Corporate Management Team for full consideration.

**2022/23 AUDITS**

The reviews that are at draft report or clearance stage are:

- ICT Cyber Security

As the above are classified as 'on going' the assurance and outcome of the reviews will be reported at Committee on completion.

**2023/24 AUDITS TO 31<sup>st</sup> December 2023**

A rolling programme of testing is due to take place during quarters 1 to 3 for Debtors, Creditors and Payroll. The results will be reported during quarter 4.

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review, a decision is made regarding the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. To assist the service area to move forwards challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. The outturn from the reviews will be reported in summary format as part of the regular reporting.

Internal Audit are continuing to consider new processes emerging from the 'new norm' working arrangements that have been necessary to continue to provide Redditch residents with services post pandemic. Plan flexibility is required to include and provide assurance on potential areas of change.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans (Appendix 4). The outcomes of the follow up reviews are reported in full (Appendix 5) so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up to reduce the number of revisits necessary to confirm the recommendations have been satisfied.

One 2023/24 report has been finalised.

**3.4 AUDIT DAYS**

Appendix 1 provides a summary of delivery. At the 31<sup>st</sup> December 2023 a total of 114 days had been delivered against an overall target of 338 days for the year.

**3.5 OTHER KEY AUDIT WORK**

Much internal audit work is carried out “behind the scenes” but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a ‘critical appraisal’
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers’ attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative coordination of uploads.
- Investigations

**National Fraud Initiative**

- 3.6 National Fraud Initiative data set uploads are planned for December 2023 and January 2024. The results from the 2022/23 uploads are currently being investigated by the various Service areas who are working through them and taking appropriate action. WIASS continue to provide advice and assistance regarding the process.

**Monitoring**

- 3.7 To ensure the delivery of the 2023/24 plan and any revision required there continues to be close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. Changes to the plan have been discussed with the s151 Officer and reported to Committee.

**4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising out of this report.

**5. LEGAL IMPLICATIONS**

- 5.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

**6.      STRATEGIC PURPOSES - IMPLICATIONS**

**Relevant Strategic Purpose**

- 6.1      Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations.

**Climate Change Implications**

- 6.2      The actions proposed do not have a direct impact on climate change implications.

**7.      OTHER IMPLICATIONS**

**Equalities and Diversity Implications**

- 7.1      There are no implications arising out of this report.

**Operational Implications**

- 7.2      There are no new operational implications arising from this report.

**8.      RISK MANAGEMENT**

- 8.1      The main risks associated with the details included in this report are to:
- Insufficiently complete the planned programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
  - a continuous provision of an internal audit service is not maintained.

**9.      APPENDICES and BACKGROUND PAPERS**

Appendix 1 ~ 2023/24 Internal Audit Plan summary of delivery  
Appendix 2 ~ 2023/24 Plan progress  
Appendix 3 ~ 2022/23 and 2023/24 Finalised audit reports including definitions  
Appendix 4 ~ Follow Up Programme Overview  
Appendix 5 ~ Follow Up Reports recently issued

**APPENDIX 1**

**Delivery against Internal Audit Plan for 2023/24**  
**1<sup>st</sup> April 2023 to 31<sup>st</sup> December 2023**

<b>Audit Area</b>	<b>2023/24 Plan Days</b>	<b>Days used to 30<sup>th</sup> September 2023</b>
Core Financial Systems (see note 1)	89	28
Corporate Audits	71	39
Other Systems Audits (see note 2)	124	35
<b>SUB TOTAL</b>	<b>284</b>	<b>102</b>
Audit Management Meetings/ Corporate Meetings / Reading		
Annual Plans, Reports and Audit Committee Support	54	12
Other chargeable (see note 3)	0	0
<b>SUB TOTAL</b>	<b>54</b>	<b>12</b>
<b>TOTAL</b>	<b>338</b>	<b>114</b>

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year-end. A rolling programme continues regarding Debtors, Creditors and Payroll to maximise coverage and sample size. The overall results will be reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters potentially resulting in unallocated days.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

**REDDITCH BOROUGH COUNCIL**

Date: 25<sup>th</sup> January 2024

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

**Appendix 2**

**2023/24 Internal Audit Plan**

Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
<b>FINANCIAL</b>							
Debtors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			17*	3 to 4	Commenced Rolling Programme
Main Ledger/Budget Monitoring Returns/Bank Rec. (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			30*	3 to 4	
Creditors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			17*	3 to 4	Commenced Rolling Programme
Treasury Management	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			6*	3	Commenced
Council Tax	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			-	1 to 3	Deferred to 2024/25
Benefits	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			-	1 to 3	Deferred to 2024/25
NNDR	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			-	1 to 3	Deferred to 2024/25

**REDDITCH BOROUGH COUNCIL**Date: 25<sup>th</sup> January 2024**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
Payroll	Enabling & Contractual Obligation	COR17 - Resolution of the approved Budget Position in both Councils			19	1 to 3	Commenced Rolling Programme
<b>Sub TOTAL</b>					<b>89</b>		
<b>CORPORATE</b>							
IT Audit	Fundamental to strategic purpose delivery	COR18 – Protection from Cyber Attack			15*	3 - 4	Commenced
Risk Management Embedding (note 2)	Fundamental to strategic purpose delivery	S151 request			10*	4	
Corporate anti-fraud and corruption	Fundamental to strategic purpose delivery	COR - Cost of Living			5*	3	Commenced
Procurement and Contract Management (note 3)	Fundamental to strategic purpose delivery	COR16 – Management of Contracts & S151 request			8*	4	
Corporate Data Quality and Usage (Critical Friend)	Fundamental to strategic purpose delivery	S151 request			10*	4	
Projects – Towns Fund	Fundamental to strategic purpose delivery	COR22 - Delivery of Levelling up, Towns Fund and UK Shared Prosperity Fund work & S151 request			8*	3	Commenced
Grants (Various incl. Disabled Facilities Grants)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			15	1 to 4	Not required during Q1

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Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
<b>Sub TOTAL</b>					<b>71</b>		
<b>SERVICE DELIVERY</b>							
<b>Community &amp; Housing Service</b>							
Housing Revenue Account	Finding Somewhere to Live	S151 request			20	4	
Temporary Accommodation	Finding Somewhere to Live	S151 request			10	4	
Right to Buy	Finding Somewhere to Live	Local Knowledge/Intelligence			10	4	
<b>Human Resources</b>							
Organisational Processes	Fundamental to strategic purpose delivery	COR19 – Adequate Workforce Planning & S151			10	3	Commenced
<b>Sub TOTAL</b>					<b>50</b>		
<b>Other Operational Work</b>							
Advisory, Consultancy & Contingency	Operational support	N/a	N/a		20	1 - 4	Ongoing
Fraud & Investigations incl. National Fraud Initiative	Operational support	N/a	N/a		15	1 - 4	Ongoing



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Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
Completion of prior year's audits	Operational support	N/a	N/a		12	1	Ongoing
Report Follow Up (all areas)	Operational support	N/a	N/a		15	1 - 4	Ongoing
Statement of Internal Control	Operational support	N/a	N/a		6*	1 & 4	
Bus Operators Return	Operational support	N/a	N/a		6	1 & 3	
Sub TOTAL					74		
							Ongoing
Audit Management Meetings	Operational support	N/a	N/a		54	1 to 4	
Corporate Meetings / Reading	Operational support	N/a	N/a				
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a				
Sub TOTAL					54		
TOTAL					338		

Rubicon Leisure	Arms-length LA Company	N/a	N/a		-	10	Deferred to 2024/25
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## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

**25<sup>th</sup> January 2024**

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### **Explanatory Notes:**

\*As part of the increasing joint and shared service working between Redditch Borough Council and Bromsgrove District Council the audit budgets and areas will feature in both internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council.

The customer journey will be considered overall as part of the service audits.

Note 1: Ongoing risk with financial system therefore audit budgets maintained.

Note 2: Risk management relaunched 2022/23 reviewing ongoing progress against action plan and reporting.

Note 3: Procurement - ensuring embedding continues.

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

25<sup>th</sup> January 2024

### APPENDIX 3

Appendices A & B are indicated below and are applied to all reports.

#### Appendix A - Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	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 Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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### Appendix B

#### Definition of Priority of Recommendations

Priority	Definition
<b>H</b>	Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.
<b>M</b>	Other control weaknesses where there are some controls in place but there are issues with parts of the control that need to be addressed by Management within the area of review.
<b>L</b>	Issues of best practise where some improvement can be made.

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**2022/23 and 2023/24 Audit Reports.**  
Recently Finalised Reports.

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Appendix 4**

### **Overview of 2023/24 Follow Up Programme**

	<b>Year of Review</b>	<b>Review Area</b>	<b>Assurance</b>	<b>Follow Up Position</b>	<b>Indicative Date of Follow Up</b>		<b>Position and Conclusion</b>
RBC	21/22	Procurement	Limited	2 <sup>nd</sup>	May-23	Q1	All points implemented – Report - Appendix 5 No further action required
RBC	21/22	General Data Protection Regulation	Moderate	2 <sup>nd</sup>	Jul-23	Q2	1 recommendation implemented and 2 partially implemented. Further follow up to be arranged and linked to GIS/Gazetteer Phase 1.
RBC	21/22	Asbestos	Significant	1 <sup>st</sup>	Apr-23	Q1	Awaiting management response
RBC	21/22	Gas Inspections	Significant	1 <sup>st</sup>	Apr-23	Q1	Awaiting management response
RBC	22/23	GIS/Gazetteer Phase 1	Critical Review	1 <sup>st</sup>	Jul-23	Q2	To be arranged and linked to the General data Protection regulation.
RBC	22/23	Accounts Payable	Moderate	1 <sup>st</sup>	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	IT Review	Moderate	1 <sup>st</sup>	Jan-24	Q4	To be included in 23/24 Audit

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	<b>Year of Review</b>	<b>Review Area</b>	<b>Assurance</b>	<b>Follow Up Position</b>	<b>Indicative Date of Follow Up</b>		<b>Position and Conclusion</b>
RBC	22/23	Treasury Management	Significant	1 <sup>st</sup>	Jul-23	Q2	To be included in 23/24 Audit
RBC	22/23	Accounts Receivable	Limited	1 <sup>st</sup>	Dec-23	Q3	To be included in 23/24 Audit
RBC	22/23	Council Tax	Moderate	1 <sup>st</sup>	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	National Non-Domestic rates	Significant	1 <sup>st</sup>	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	Benefits	Significant	1 <sup>st</sup>	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	Workshop Licensing Compliance	Critical Friend	1 <sup>st</sup>	Dec-23	Q3	To be arranged
RBC	22/23	Fuel Usage and Efficiency	Moderate	2 <sup>nd</sup>	Aug-23	Q2	To be arranged
RBC	22/23	WRS- Animal License Activity	Critical Friend	1 <sup>st</sup>	Sept-23	Q2	To be arranged
RBC	22/23	Homelessness Grants	Moderate	1 <sup>st</sup>	Jul-23	Q2	To be arranged
RBC	22/23	Risk Management	Moderate	1 <sup>st</sup>	Sept-23	Q2	To be arranged
RBC	22/23	Payroll	Significant	1 <sup>st</sup>	Sept-23	Q2	To be included in 23/24 Audit

**Note:**

There are no exceptions to report. 2023/24 Review areas will be added to the table when they become due for a follow up visit.

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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Appendix 5

### Follow Up Reports

None to report