

THE INTERNAL AUDIT PROGRESS REPORT

Relevant Portfolio Holder	Councillor Luke Court
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, s151 Officer
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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 recommend:-

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 01st April 2023 to 29th February 2024.

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 in progress:	14
Reviews to commence (Q4):	1
High' Priority recommendations reported 2023/24:	0
Satisfied 'High' priority recommendations to date:	N/a
Plan delivery to 29 th February 2024:	50%

Since the last progress report presented to the Committee, one 2022/23 report is at clearance/draft report stage and thirteen 2023/24 reviews are in progress.

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 29th February 2024

A rolling programme of testing has been carried out for Debtors, Creditors and Payroll. The results will be reported during the coming weeks.

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.

3.4 AUDIT DAYS

Appendix 1 provides a summary of delivery. At the 29th February 2024 a total of 165 days had been delivered against an overall target of 338 days for the year. Whilst the number of days delivered is behind profile, all except one assignment

is in progress and resources are being reviewed and prioritised to ensure that the audit plan is delivered and that the annual assurance opinion on the Council's internal control, risk management and governance arrangements is provided. Delivery of days has been behind this year as a result of staff turnover and vacancies in the service.

The new Head of Service is now in post and following a review of the structure recruitment has commenced for two senior auditor positions. An interim auditor role has been extended to support completion of the 2023/24 internal audit plan, and an additional interim auditor is being recruited. Resources are being reprioritised to ensure the internal audit plan is delivered. As is common in the sector, some time will be required in April and May to complete and finalise the current year's work.

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 sets were uploaded in 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
1st April 2023 to 29th February 2024

Audit Area	2023/24 Plan Days	Days used to 29th February 2023/24
Core Financial Systems (see note 1)	89	58
Corporate Audits	71	48
Other Systems Audits (see note 2)	114	46
SUB TOTAL	274	150
Audit Management Meetings/ Corporate Meetings / Reading		
Annual Plans, Reports and Audit Committee Support	54	15
Other chargeable (see note 3)	0	0
SUB TOTAL	54	15
TOTAL	328	165

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 in the coming weeks.

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: 21st March 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
FINANCIAL						
Debtors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		17*	3 to 4	In progress
Main Ledger/Budget Monitoring Returns/Bank Rec. (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		30*	3 to 4	Fieldwork complete
Creditors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		17*	3 to 4	In progress
Treasury Management	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		6*	3 to 4	In progress

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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 4	In progress
Sub TOTAL				89		
CORPORATE						
IT Audit	Fundamental to strategic purpose delivery	COR18 – Protection from Cyber Attack		15*	3 - 4	In progress
Corporate anti-fraud and corruption	Fundamental to strategic purpose delivery	COR - Cost of Living		5*	3 to 4	In progress
Procurement and Contract Management (note 2)	Fundamental to strategic purpose delivery	COR16 – Management of Contracts & S151 request		8*	4	In progress
Corporate Data Quality and Usage (Critical Friend)	Fundamental to strategic purpose delivery	S151 request		10*	4	Work will commence in March
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	Fieldwork complete
Grants (Various incl. Disabled Facilities Grants)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		15	1 to 4	Completed
Sub TOTAL				71		

REDDITCH BOROUGH COUNCIL

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference		Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
SERVICE DELIVERY						
Community & Housing Service						
Housing Revenue Account	Finding Somewhere to Live	S151 request		20	4	In progress
Temporary Accommodation	Finding Somewhere to Live	S151 request		10	4	In progress
Right to Buy	Finding Somewhere to Live	Local Knowledge/Intelligence		10	4	In progress
Sub TOTAL				40		
Other Operational Work						
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
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	Fieldwork complete
Sub TOTAL				74		

REDDITCH BOROUGH COUNCIL

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
Audit Management Meetings	Operational support	N/a	N/a		54	1 to 4	Ongoing
Corporate Meetings / Reading	Operational support	N/a	N/a				
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a				
Sub TOTAL					54		
TOTAL					328		

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: Procurement - ensuring embedding continues.

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.

Revision to Assurance Levels 2023/24

Previous Assurance Levels	2023/24 Revised Assurance Levels
Full	Substantial
Significant	
Moderate	Reasonable
Limited	Limited
No	No

Appendix B
Definition of Priority of Recommendations

Priority	Definition
H	Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.
M	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.
L	Issues of best practise where some improvement can be made.

Audit, Governance & Standards Committee

21st March 2024

2022/23 and 2023/24 Audit Reports.

There are no recently finalised reports.

Overview of 2023/24 Follow Up Programme

	Year of Review	Review Area	Assurance	Indicative Date of Follow Up		Position and Conclusion
RBC	22/23	GIS/Gazetteer Phase 1	Critical Review	Mar-24	Q4	To be arranged and linked to the General data Protection regulation.
RBC	22/23	Accounts Payable	Moderate	Feb-24	Q3	Included in 23/24 Audit
RBC	22/23	IT Review	Moderate	Feb-24	Q4	Included in 23/24 Audit
RBC	22/23	Treasury Management	Significant	Jan-24	Q4	Included in 23/24 Audit
RBC	22/23	Accounts Receivable	Limited	Jan-24	Q4	Included in 23/24 Audit
RBC	22/23	Council Tax	Moderate	May-24	Q1	To be arranged
RBC	22/23	National Non-Domestic rates	Significant	May-24	Q1	To be arranged
RBC	22/23	Benefits	Significant	May-24	Q1	To be arranged
RBC	22/23	Workshop Licensing Compliance	Critical Friend	June-24	Q1	To be arranged
RBC	22/23	Fuel Usage and Efficiency	Moderate	May-24	Q1	To be arranged

REDDITCH BOROUGH COUNCIL

Audit, Governance & Standards Committee

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	Year of Review	Review Area	Assurance	Indicative Date of Follow Up		Position and Conclusion
RBC	22/23	WRS- Animal License Activity	Critical Friend	May-24	Q1	To be arranged
RBC	22/23	Homelessness Grants	Moderate	Jun-24	Q1	To be arranged
RBC	22/23	Risk Management	Moderate	Sept-24	Q2	To be arranged
RBC	22/23	Payroll	Significant	March-24	Q4	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.

Follow Up Reports

None issued since the last meeting in January 2024.