

Audit and Governance Committee 20th February 2023

Report Title	Internal Audit progress report	
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List of Appendices

Appendix 1: Internal Audit progress report – February 2023

1. Purpose of Report

- 1.1 To provide the committee with a progress update on the work of the Internal Audit team and the key findings from audits completed to date.

2. Executive Summary

- 2.1 The Internal Audit plan of work is subject to ongoing review and prioritisation to ensure it focuses on the Council's key risks. Good progress is being made on progressing planned audit work, and a number of grant certifications have also been completed during the period. Since the last meeting, five audit reports have been finalised and the key findings are summarised in Appendix 1.

3. Recommendations

- 3.1 It is recommended that the Committee:

- a) Note the progress report attached as Appendix 1;
- b) Approve the proposed amendments to the 2022/23 Audit Plan in the postponing of audits on Fixed Assets, Recruitment and Partnerships.

- 3.2 Reason for Recommendations:

- For the Committee to exercise its duties and responsibilities within its Terms of Reference for receiving reports from the Internal Audit service and considering the main issues arising; and agreeing any amendments in audit coverage.

4. Report Background

- 4.1 The Internal Audit service is progressing work from the audit plan. The key findings of five audit reports which have been finalised during the period are provided within Appendix 1 for the committee's information. Of the five reports finalised, one received an assurance opinion of Limited Assurance.
- 4.2 A copy of the planned schedule of work for 2022/23 and the status of each assignment is provided.
- 4.3 Included within the progress report is an overview of the implementation of agreed management actions.
- 4.4 The report at Appendix 1 also includes the findings of the second rolling risk entry review. This is a new approach adopted for 2022/23 which seeks to give the Audit & Governance Committee assurance over the Strategic Risk Register entries. The approach and findings are detailed in section 4 and Table 2 of the report. The basis for selection of the risks to date has been to prioritise areas where the inherent risk was scored high, and therefore the controls listed are crucial in managing an intolerable level of risk.
- 4.5 The Internal Audit plan should remain subject to review throughout the financial year to ensure it remains focused on key areas of risk and responds to changes in the risk and control environment. Amendments are proposed, based on discussions with senior management, and supported by the Chief Internal Auditor, as follows:
- The planned internal audit coverage of fixed assets may duplicate some work of external audit and year end work in quarter 4 and, as such, it is proposed that assurance be taken from the work of the external auditors with no additional internal audit coverage at this time;
 - A new e-recruitment system is currently being implemented and, as such, associated processes will change. Therefore, it is proposed that the audit of Recruitment be postponed to 2023/24, when the audit testing will look at the new/current processes and controls and how these are be applied going forward; and
 - A new position of Head of Performance, Intelligence and Partnerships has been created. Pending the role being filled and changes in structure, it is proposed that the Partnerships audit be postponed until 2023/24.
- 4.6 Some of the key audit assignments delivered during the last quarter have taken additional time and resource to deliver due to a wide number of issues and complications including multiple systems/processes to audit rather than a single set of key controls. There have also been a number of additional grants requiring urgent internal audit review, which has diverted audit days from planned work. The proposed postponing of the audits above could assist in covering the audit days needed in these areas.

5. Issues and Choices

- 5.1 The report provides an update on delivery of the internal audit work for 2022/23. There Committee is invited to consider and approve the proposed amendments to audit coverage.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 None specific to this report.

6.2 Legal

- 6.2.1 None specific to this report.

6.3 Risk

- 6.3.1 None specific to this report.

6.4 Consultation

- 6.4.1 None specific to this report.

6.5 Consideration by Scrutiny

- 6.5.1 Not required on this occasion.

6.6 Climate Impact

- 6.6.1 None specific to this report.

6.7 Community Impact

- 6.7.1 None specific to this report.

7. Background Papers

- 7.1 None.