

<b>Meeting:</b>	Audit Committee
<b>Date:</b>	23 October 2024
<b>Classification:</b>	Part 1
<b>Key Decision:</b>	No
<b>Title of Report:</b>	<b>Internal Audit: Quarterly performance report</b>
<b>Executive Director:</b>	Joe Chesterton: Executive Director (Finance & Resources)
<b>Report Author:</b>	Andrew Barnes: Head of Internal Audit and Counter Fraud
<b>Executive Councillor</b>	Cllr Collins: Cabinet Member for Finance, Assets and Investment

## 1. Executive Summary

- 1.1 The purpose of this report is to update the Audit Committee on the progress made in delivering the Internal Audit Strategy and Plan for 2024/25.

## 2. Recommendations

- 2.1 **That the Audit Committee notes the progress made in delivering the 2024/25 Internal Audit Strategy and Plan.**

## 3. Background

- 3.1 The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, internal control and governance processes, taking into account public sector internal auditing standards or guidance.
- 3.2 The Council's internal audit team is in place to meet that requirement.

## 4. Internal Audit Plan Status

- 4.1 **Appendix 1** sets out the current status of the audit work planned for the year as at 2<sup>nd</sup> October 2024.
- 4.2 **Appendices 2a, 2b, 2c & 2d** set out the results of the work completed since the last progress report to the Audit Committee in July 2024.

4.3 To ensure that our work remains focussed on the areas of greatest risk to the Council, we continue to consider our Audit Plan for 2024/25 that was reported to the Committee in April 2024. There have been further changes to the audit plan since it was last reported to the Committee in July:

- Two additional advice and support audits are now included: Preparedness for the Procurement Act 2023 and Zero Based Budgeting
- An additional follow up audit has been added in respect of Direct Payments
- Two audits have been deferred to 2025/26: the Identification and Completion of Highways Works and Staff Pay follow up
- The LGA Peer Review audit has been removed from the plan as actions are now considered to be embedded into business as usual and are no longer being managed as a defined programme of works.

4.4 In addition to the Advice and Support items detailed at Appendix 1, the team has been providing support on work and arrangements that the Council is undertaking in respect of:

- updates to the Council's Risk Management Framework
- updates to the Council's Digital Governance arrangements
- helping the Adaptations and Commissioning team update their Housing Assistance Policy.

## **5. Performance Targets and Resourcing**

5.1 As outlined in the Strategy presented to the April 2024 Audit Committee, the team will be reporting on a more limited set of indicators this year given the amount of work that is still being contracted out.

5.2 For the period 1 April 2024 – 30 September 2024 the team have had an average of 1.2 days of sickness absence.

5.3 In terms of the 66 jobs now included in the audit plan, including work carried over from previous years:

- 15% of audits are complete with finalised reports issued
- 19% of audits are complete with draft reports being prepared or discussed with the service
- 19% of audits are in progress
- 18% of audits are being scoped with the service
- 24% of audits are yet to start
- 3% of audits have been deferred into 2025/26
- 1% of audits have been removed from the audit plan.

5.4 Stakeholder surveys are paused currently as they are being reviewed to ensure they align with the new Global Internal Audit Standards (GIAS) (see also meeting agenda item 12). This review will be completed once the consultation on public sector considerations for the GIAS has been completed, at which point the surveys

will re-commence and be completed throughout the rest of the year as audits are finalised.

5.5 Since the last report to the Audit Committee in July there has been one change to the staffing of the team, with our new Audit Apprentice joining the team in September.

5.6 As a result the team currently has four vacancies. The salaries of the vacant posts are being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.

## **6. Reason for decision**

**6.1 Internal audit is an assurance function providing assurance to assist the Audit Committee to effectively discharge its responsibilities as per its Terms of Reference. The delivery of the internal audit plan will assist the Audit Committee with obtaining assurance that the Annual Governance Statement for the year appropriately reflects the conditions at the Council.**

## **7. Other options**

7.1 The internal audit delivery model currently operated at the Council will be reviewed and challenged as part of the transformation programme. Other options identified as part of that work will be reported to the Committee for consideration.

## **8. Financial implications**

8.1 The Audit Plan will be delivered within the approved budget.

## **9. Legal implications**

9.1 The Accounts and Audit Regulations 2015 make it a requirement for the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

9.2 The UK Public Sector Internal Audit Standards require the Audit Committee to approve (but not direct) the annual Internal Audit Plan and then receive regular updates on its delivery. This report contributes to discharging this duty.

## **10. Policy context**

10.1 This report is made in the context of the following policies:

- Internal Audit Charter and Strategy
- Risk Management Policy Statement and Strategy
- Counter fraud and corruption policy and strategy
- Whistleblowing policy and procedure.

## **11. Carbon impact**

11.1 The Internal Audit Team operates across all Council sites and Castle Point Borough Council sites, therefore some travel is necessary. This is usually performed in private vehicles due to the requirement to visit multiple sites over a geographic area spread during a day.

11.2 However, the Team reduces its carbon footprint by:

- Operating electronic working paper and audit management arrangements, minimising the use of paper and printing. All documentary evidence is scanned electronically minimising physical storage requirements
- Travelling by public transport wherever possible
- Conducting meetings with external stakeholders remotely

All internal audit officers have undergone Carbon Literacy training to enhance their understanding of the carbon challenge.

## **12. Equalities**

12.1 The Team are committed to treating everyone equally and with respect.

12.2 All officers have undergone Equality and Diversity training. Our daily activities comply with the Equality Act 2010, the Human Rights Act 1998, and the European Convention on Human Rights.

## **13. Consultation**

13.1 The audit risk assessment and the Audit Plan are periodically discussed with the Chief Executive and Executive Directors before being reported to the Audit Committee. All terms of reference and draft reports are discussed with the relevant Managers, Directors and / or Executive Directors before being finalised.

## **14. Contribution to the Council's aims and objectives**

14.1 Audit work provides assurance and identifies opportunities for improvement that contribute to the delivery of all Corporate Plan objectives, as referenced at Appendix 1.

## **15. Risk assessment**

15.1 Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework that may impact of the Council's ability to deliver the Corporate Plan objectives.

15.2 The main risks the team continues to manage are the:

- potential loss of in-house staff and the ability of the service to replace this resource in a timely manner
- lack of management capacity to support and develop the team, while processing work in a timely manner and providing strategic leadership to the team and support to the Council
- possibility that the external suppliers won't deliver contracted-in work within the required deadlines to the expected quality standards
- need to maintain relationships with clients / partners while the service is being rebuilt.

## 16. Value for money

16.1 Opportunities to improve value for money in the delivery of services are identified during some reviews and recommendations made as appropriate.

Internal Audit also periodically considers whether it provides a value for money service, and this will be revisited as part of the transformation programme.

## 17. Report Authorisation

This report has been approved for publication by:		
	Name:	Date:
S151 Officer	Joe Chesterton	9 October
Monitoring Officer	Susan Zeiss	9 October
Executive Director	Joe Chesterton	9 October
Relevant Cabinet Member	Cllr Collins: Cabinet Member for Finance, Assets and Investment	14 October

## 18. Background papers

- 18.1
- The Accounts and Audit Regulations 2015
  - UK Public Sector Internal Audit Standards
  - CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards.

## **19. Appendices**

- 19.1 • **Appendix 1:** Internal Audit Plan 2024/25
- **Appendix 2a:** Opinions and Themes – Partial Assurance
- **Appendix 2b:** Opinions and Themes – Satisfactory Assurance
- **Appendix 2c:** Opinions and Themes – Audits Revisited
- **Appendix 2d:** Opinion and Themes – Other Audits and Grants