

Southend-on-Sea City Council

Report of the Deputy Chief and Executive Director
(Finance & Resources)

To

Audit Committee

On

26 April 2023

Agenda
Item No.

Report prepared by: Andrew Barnes, Head of Internal Audit

Internal Audit Services, Quarterly Performance Report

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To update the Audit Committee on the progress made in delivering the Internal Audit Strategy for 2022/23.

2. Recommendations

- 2.1 **The Audit Committee notes the progress made in delivering the 2022/23 Internal Audit Strategy.**

3. Internal Audit Plan Status

- 3.1 **Appendix 1** sets out the current status of the audit work contained in the updated plan, as at 31 March 2023.
- 3.2 **Appendices 2a to 2d** set out the results of the work completed since the last progress report to the Audit Committee in January.
- 3.3 In order to ensure that our work remains focussed on the areas of greatest risk to the Council, we continue to consider our Audit Plan for 2022/23 that was initially prepared for the Committee meeting that took place in April 2022. There have been no changes to the audit plan since last reported in January.
- 3.4 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:
- Refresh of the Council's internal governance arrangements
 - Updates to draft policies to reflect the refreshed governance arrangements
 - Preparation of arrangements to produce the Annual Governance Statement for the year
 - Response to the LGA Corporate Peer Challenge
 - Development of new Service Plan templates that went live from April 2023.

4. Performance Targets and Resourcing

- 4.1 As outlined in the Strategy presented to the April 2022 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.
- 4.2 For the period 1 April 2022 – 31 March 2023 the team had a total of 12 days of sickness absence. 10 days of this absence relates to one member of staff who was unwell with Covid-19.
- 4.3 In terms of the 46 jobs now included in the audit plan:
- 50% of audits are complete with finalised reports issued
 - 13% of audits are complete with draft reports issued
 - 4% of audits are completed with draft reports being produced
 - 22% of audits are in progress
 - 2% of audits have terms of reference being developed and agreed
 - 0% of audits are being planned
 - 2% of audits are resourced, but yet to be started
 - 7% of audits have been deferred due to changes of circumstances.
- 4.4 Stakeholder surveys have now re-commenced and will be completed throughout the year as audits are finalised. No further surveys have been completed since those last reported to the Committee.
- 4.5 Since the last report to the Audit Committee in January 2023 there has been three changes to the staffing of the team with the appointment of a new Audit Manager who will begin working for the Council shortly, and the appointment of two new Auditors, one joining the team in February, and the other joining the team in April.
- 4.6 As a result the team currently has five 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.

5. Reasons for Recommendations

- 5.1 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 appropriately reflects the conditions at the Council.**

6. Corporate Implications

- 6.1 Contribution to the Corporate Plan and Southend 2050 Road Map
- Audit work provides assurance and identifies opportunities for improvements that contribute to the delivery of all Corporate Plan and Southend 2050 outcomes.

6.2 Financial Implications

The Audit Plan will be delivered within the approved budget.

6.3 Legal Implications

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.

6.4 People Implications

People issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

6.5 Property implications

Property issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

6.6 Consultation

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 or Executive Directors before being finalised.

6.7 Equalities and Diversity Implications

The relevance of equality and diversity is considered during the initial planning stage of each audit before the Terms of Reference are agreed.

6.8 Risk Assessment

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 and to contribute towards the Southend 2050 Ambition and outcomes.

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.

6.9 Value for Money

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.

6.10 Community Safety Implications

These issues are only considered if relevant to a specific audit review.

6.11 Environmental Impact

These issues are only considered if relevant to a specific audit review.

7. **Background Papers**

- 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

8. **Appendices**

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| Appendix 1 | Internal Audit Plan 2022/23 progress status |
| Appendix 2a | Audit Assurance and Themes – Satisfactory assurance |
| Appendix 2b | Audit Assurance and Themes – Partial assurance |
| Appendix 2c | Audit Assurance and Themes – Follow ups |
| Appendix 2d | Audit Assurance and Themes – Other audits and Grant Claims |