

**AGENDA ITEM**

**REPORT TO AUDIT &  
GOVERNANCE COMMITTEE  
30 SEPTEMBER 2024**

**REPORT OF DIRECTOR OF  
CORPORATE SERVICES**

**INTERNAL AUDIT ACTIVITY REPORT**

**SUMMARY**

To inform members of the progress of audit testing to date and present a forward plan of testing and the resources available to meet the plan to support the assessment of risk.

**RECOMMENDATIONS**

It is recommended that:-

1. The results of audit activity is noted and agree that the work for the next quarter be prioritised using the audit risk assessment methodology as outlined in the Audit Charter.

**DETAIL**

1. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. To support this, audit work the results of audit work are an integral part of the assurance framework in place to assess the current risk status.
2. The overall summary shows a summary of audit results against each theme. Previously this reporting was by strategic risk, as we now have a separate report on the strategic risks of which audit work forms a part and therefore is not relevant in this update any longer.

Theme	Red	Amber	Green	Total	Assurance
	1	1	8	10	76.98
1. Accuracy of Decision Making		9	43	52	89.77
10. Accuracy of Payments		2	22	24	95.61
11. Income - Charging		2	6	8	90.00
12. Income - Payments		1	9	10	95.83
13. Cash Handling		1	1	2	66.67
14. Procurement/Sourcing	1	3	16	20	85.63
15. Physical Assets/Locations		1	25	26	99.42
16. Fraud		1	10	11	95.83
17. Business Continuity	1	1	13	15	90.14
18. Procedures		5	15	20	88.46
19. Performance Management	1	9	28	38	85.54
2. Monitoring of Decisions		2	25	27	93.56
20. ICT Infrastructure			22	22	100.00
21. Handling of Requests/Incident Response		2	9	11	86.84
3. Information Governance	1	3	50	54	95.88
4. Finance		2	28	30	97.33
5. HR - Payments			4	4	100.00
6. HR - Health & Safety			2	2	100.00
7. HR - Management		1	12	13	92.86
8. Recruitment			4	4	100.00
9. HR - Training/Qualifications/Clearances	1	4	22	27	86.57
<b>Total</b>	<b>6</b>	<b>50</b>	<b>374</b>	<b>430</b>	<b>91.90</b>

3. Audit testing results breaks down work undertaken in the previous period to provide members with an update on where audit resources have been employed and the results of that work. This will highlight any concerns raised in the period. There have been 5 Red controls identified in the period. Members are reminded that testing frequencies are adjusted based on their status, controls rated as red are reviewed every 3 months. This may give the impression that the same issues are being raised each quarter whilst recommendations are being implemented, we monitor progress of implementation. Reds previously reported that are making good progress are waste and recycling targets, effective sourcing of child placements and the Joint Strategic Needs Assessment. The remaining Red controls relate to staff completing mandatory information governance training in the Regeneration and Inclusive Growth Department and a requirement to review the information sharing protocols with occupational health partners.

Theme	Red	Amber	Green	Total
	1		3	4
1. Accuracy of Decision Making		3	5	8
10. Accuracy of Payments			3	3
12. Income - Payments		1	2	3
14. Procurement/Sourcing	1	2	2	5
15. Physical Assets/Locations			2	2
16. Fraud		1	2	3
17. Business Continuity			4	4
18. Procedures		5	2	7
19. Performance Management	1	2	7	10
2. Monitoring of Decisions		1	4	5
20. ICT Infrastructure			4	4
21. Handling of Requests/Incident Response		1	1	2
3. Information Governance	1	1	7	9
4. Finance		1	9	10
5. HR - Payments			1	1
7. HR - Management		1	1	2
9. HR - Training/Qualifications/Clearances	1	3	6	10
<b>Total</b>	<b>5</b>	<b>22</b>	<b>65</b>	<b>92</b>

4. Planned work identifies the areas to be examined in the next period as required by the Public Sector Internal Audit Standards. Members are reminded that each control is risk assessed to determine the frequency of testing, audit work is planned and undertaken a rolling programme which prioritises controls with the highest risk rating in accordance with this methodology. I am required to report any concerns I may have that would impact on the independence of the audit service or the adequacy of resources, I can confirm that I have no concerns in either regard.
5. Quality Assurance and Improvement shows a balanced scorecard for the delivery of the audit service. The majority of indicators will be reported annually but the ones shown provide an update on progress against agreed work to date. The level of adequate resources is calculated after staff time is adjusted to allow for Annual Leave, Bank Holidays and a reasonable amount of Admin Time. We are aware that we are expecting one of the auditors to start Maternity Leave in October, we are looking to see how best to cover this.

Quality, Assurance & Improvement Process

Period Covered	June 2024	to	August 2024
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Stewardship (Coverage)		
Measure	Target	Performance
Adequate Resources (Next 3 Months)	15	16
Portfolio Coverage (Period)	84	92
Presentation of Annual Report (Annual)	June	*
Presentation of Activity Report	Qtrly	*

Stakeholders		
Measure	Target	Performance
Reports Issued	Qtrly	*
Fraud Strategy Review	31/03/2025	*
Client Satisfaction	TBC	*
Recommendation Implementation	TBC	*

Process		
Measure	Target	Performance
Self assessment against standards (Annual)	March	*
External Assessment (Every 5 Years)	March 2023	*
Staff Meetings Held (Period)	8	10
Up to Date Audit Manual	March 2023	*

People		
Measure	Target	Performance
Productivity (Period)	75%	62%
Training (Per Financial Year)	20	*
Code of Conduct (Annual)	100%	*
Appraisals (Annual)	100%	*

\* - To be reported as part of annual report

- NFI Progress – This exercise is due to be undertaken again in October 2024, results will be provided once they are received, expected in early 2025.

## FINANCIAL AND LEGAL IMPLICATIONS

None directly

## RISK ASSESSMENT

This is a summary of the Council’s risk environment.

## COUNCIL PLAN IMPLICATIONS

None

## CONSULTATION

N/A

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