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# Internal Audit Update Report

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<b>Committee considering report:</b>	Governance and Ethics Committee
<b>Date of Committee:</b>	20 March 2023
<b>Portfolio Member:</b>	Councillor Tom Marino
<b>Report Author:</b>	Julie Gillhespey (Audit Manager)
<b>Forward Plan Ref:</b>	GE4322

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## 1 Purpose of the Report

- 1.1 To update the Committee on the status of Internal Audit work as at the end of quarter three of 2022/23.
- 1.2 The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require the Audit Manager to provide periodic updates to senior officers and members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter, quarterly updates are required to be presented to the Committee.
- 1.3 The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.

## 2 Recommendation

To note the content of the report. Committee members decide if they require further data on audit completion timeframes as set out in points 5.5 to 5.7.

## 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	None
<b>Human Resource:</b>	None
<b>Legal:</b>	None
<b>Risk Management:</b>	Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and

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	procedures and making recommendations to provide mitigation. The aim of which is to help ensure that services and functions across the Council achieve their goals and targets, and the organisation as a whole meets its plans and objectives.			
<b>Property:</b>	None			
<b>Policy:</b>	None			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		

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<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		
<b>Core Business:</b>		X		.
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	None			

## 4 Executive Summary

- 4.1 To update the Committee on the status of Internal Audit work as at the end of quarter three of 2022/23.
- 4.2 The Public Sector Internal Audit Standards (PSIAS), as adapted by CIPFA's "Local Government Application Note", require the Audit Manager to provide periodic updates to senior officers and members on performance against the Audit Plan. As stated in the Council's approved Internal Audit Charter quarterly updates are required to be presented to Committee.
- 4.3 The periodic reports aim to provide a progress update against the work in the Audit Plan together with highlighting any emerging significant issues/risks that are of concern.
- 4.4 There were no corporate reviews completed which were given a less than satisfactory opinion, one establishment visit was given a weak opinion.
- 4.5 There are no significant issues of concern identified through audit work during the period that need to be highlighted to senior officers/members.
- 4.6 At the previous Committee meeting on 16th January 2023, a query was raised regarding timeframes for completing audit work as some of the work on the list of Current Work related to last financial year. As requested, the Audit Manager has provided some data for Committee members to show the timescales for completing work together with contextual comments and more background to the audit process to explain the reasons why delays occur.

## 5 Supporting Information

### Introduction/Background

- 5.1 A list of audit work completed is set out in Appendix A. The following table summarises the results of the audit work where an opinion was given.

Audit Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial Systems					
Other Systems				1	
Schools				1	
Other Establishment		1			

- 5.2 For this reporting period there were no completed corporate audits given a less than satisfactory opinion. There was one Resource Centre given a weak opinion. This related to Hungerford Resource Centre, the main issues identified were:-

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- a) The use of the imprest account and petty cash fund were not effectively managed;
  - b) The Amenities Fund was not being managed in accordance with good practice requirements;
  - c) Catering arrangements could be improved by documenting the processes to be followed and carrying out market testing/having a contract in place.
- 5.3 Details of the audit work in progress and the stage reached is set out at Appendix B. Progress made against the Anti-Fraud Work Plan is set out at Appendix C.
- 5.4 At the previous Committee meeting on 16<sup>th</sup> January 2023, a query was raised regarding timeframes for completing audit work as some of the work on the list of Current Work related to last financial year. This has been raised previously at Committee and is an area where the Audit Manager is aware there is room for improvement and this has been included on the Audit's Team Improvement Plan for the last few years, as a result the number of audits where there are long delays has reduced.
- 5.5 It was agreed that the Audit Manager would provide some data for Committee members to show the timescales for completing work. This information together with contextual comments and more background to the audit process is set out in Appendix D to this report. Also for background information purposes, an extract of the Audit Team's Improvement Plan provided to Committee in July 2022 is set out at Appendix E, as a reminder of what information the Audit Manager has previously provided around this point.
- 5.6 As previously mentioned at Committee meetings, over the last few years we have experienced an increase in the number of draft reports where there are long delays in services responding. This seemed to be as a result of other service pressures arising due to Covid, but also more recently, due to vacant posts and not having capacity to engage with the audit process. As mentioned at the Committee meeting on 16<sup>th</sup> January we are not alone with increased delays in progressing audit work, as other councils' audit teams are experiencing the same difficulties. I do not envisage an improvement in this in the short-term so it is a case of trying to be pragmatic when arranging audits/agreeing to postpone where reasonable justification is given, and continuously chase where we do not receive the information we need to progress audit work/finalise audit reports.
- 5.7 As the delays in progressing audit work are usually justified/cannot be eliminated, and are often outside the control of the Audit Team, having timeframes as a measurement of the team's effectiveness would not be appropriate or meaningful unless contextual data is also provided, which would be time consuming to prepare for each Committee Report update. The Audit Manager will be providing an update on the achievement of the Improvement Plan as part of her Annual Audit Report, and suggests that this can include a summary of the number of audits completed, the number of audits where there has been a long delay in completion, and the number which were down to the team not progressing them as effectively as they could. Alternatively Committee could request that the same level of detail as set out in Appendix D is provided as part of each Quarter's update report.

## Proposals

Members note the outcome of audit work. Also, Members determine if they require further data around audit completion timeframes, and if they do whether the suggestion set out in 5.7 regarding an annual summary meets their needs or if they require regular detailed information as set out in Appendix D.

## 6 Other options considered

Not applicable, the report is for information only.

## 7 Conclusion

There were no corporate audits completed for the period which had a less than satisfactory opinion, with one Resource Centre given a weak opinion. There are no areas of concern which need to be highlighted to Committee.

## 8 Appendices

- 8.1 Appendix A - Completed Audit Work.
- 8.2 Appendix B - Current Audit Work.
- 8.3 Appendix C - Anti-Fraud Work Plan Update.
- 8.4 Appendix D - Analysis of Audit Completion Timeframes.
- 8.5 Appendix E - Extract from Internal Audit Improvement Plan 2022/23.

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### Subject to Call-In:

Yes:  No:

- |  |                                     |
|--|-------------------------------------|
| The item is due to be referred to Council for final approval   | <input type="checkbox"/>            |
| Delays in implementation could have serious financial implications for the Council   | <input type="checkbox"/>            |
| Delays in implementation could compromise the Council's position   | <input type="checkbox"/>            |
| Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months | <input type="checkbox"/>            |
| Item is Urgent Key Decision  | <input type="checkbox"/>            |
| Report is to note only   | <input checked="" type="checkbox"/> |

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<b>Owning Service</b>	Strategy and Governance		