
Internal Audit Update Report – Quarter Two 2023/24

Committee considering report:	Governance Committee
Date of Committee:	29 January 2024
Portfolio Member:	Councillor Jeff Brooks
Report Author:	Julie Gillhespey (Audit Manager)
Forward Plan Ref:	G4476

1 Purpose of the Report

- 1.1 To update the Committee on the status of Internal Audit work as at the end of quarter two 2023/24.
- 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

No decision is needed, Committee only required to note content of the report.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None
Human Resource:	None
Legal:	None
Risk Management:	Internal Audit work helps to improve risk management processes by identifying weaknesses in systems and procedures and making recommendations to provide risk

	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.			
Property:	None			
Policy:	None			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		

Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	None			

4 Executive Summary

- 4.1 To update the Committee on the status of Internal Audit work as at the end of quarter two of 2023/24.
- 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 audit reviews completed during the period which were given a less than satisfactory opinion. There was one school audit that was given a weak opinion. There were no unsatisfactory Follow-up reviews completed during the period.
- 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.
- 3.6 During the quarter the Audit Team introduced a new approach to audit report opinions, the new categories together with descriptions are set out in section 4.1 below.

5 Supporting Information

Introduction/Background

- 5.1 Since the previous update report, the Audit Team has changed the approach to the audit report opinion categories. The previous approach used five internal control opinion categories, these have been replaced by four assurance categories, which we are RAG rating to highlight the report opinions. The new approach is in line with current recommended practice and is now used by many local authority internal audit functions, enhancing wider consistency, and understanding of audit reporting. The new categories and explanations are provided below:-

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Opinion	Description
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Usually moderate-to-minor issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited, but are not a cause for concern.
Limited Assurance	There is a large number of moderate weaknesses and/or significant weaknesses or non-compliance issues identified which are of concern. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

5.2 Appendix A to this report sets out the audits that have been finalised this quarter. As the new report opinion categories cannot be directly mapped to the old ones, the following tables summarise the results for both methods of report opinions.

Audit Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial Systems					
Other Systems			1	2	
Schools		1	2		

Audit Type	No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
Key Financial Systems				
Other Systems			1	1
Schools				

5.3 For this reporting period there were no completed corporate audits given a less than satisfactory opinion.

5.4 There was one school audit given a weak opinion, this was due to the number of recommendations made to improve controls rather than there being significant gaps in the controls. The main area requiring improvement was in relation to Breakfast/After School Clubs and the recording/collection of income.

- 5.5 There was one completed Follow-up review, this was given a satisfactory progress rating.
- 5.6 Details of the audit work in progress and the stage reached is set out at Appendix B. This includes a small number of audits still in progress from last financial year. As would be expected this number has reduced from the previous reporting period, and all but one of these audits are now at the draft report stage and therefore almost complete. For context, audit work may take longer than planned for a number of reasons, we are very reliant on services providing us with the required information/managers responding to draft audit reports in a timely manner. Also, as a small team, we need to react to emerging changes in risk during the year, for example suspected fraud, requests for unplanned work as well as audit advice, this reprioritisation of work therefore results in delays in the planned work that has already commenced.
- 5.7 Progress made against the Anti-Fraud Work Plan is set out at Appendix C.

Proposals

Members note the outcome of audit work.

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. One school report was 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.

Background Papers:

Subject to Call-In:

Yes: No:

The item is due to be referred to Council for final approval

Delays in implementation could have serious financial implications for the Council

Delays in implementation could compromise the Council's position

Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months

Item is Urgent Key Decision

Report is to note only

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