

Internal Audit Update Report – Quarter One 2024/25

Committee considering report: Governance Committee
 Date of Committee: 19th November 2024
 Portfolio Member: Councillor Iain Cottingham
 Report Author: Julie Gillhespey (Audit Manager)

1 Purpose of the Report

- 1.1 To update the Committee on the status of Internal Audit work as at the end of quarter one 2024/25.
- 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(s)

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

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			

3 Executive Summary

- 3.1 To update the Committee on the status of Internal Audit work as at the end of Quarter One of 2024/25.
- 3.2 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.
- 3.3 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.
- 3.4 There was one corporate audit review, and two school audits completed during the period which were given a limited assurance opinion.
- 3.5 There are no significant issues of concern identified through audit work during the period that need to be highlighted to senior officers/members.

4 Supporting Information

Introduction/Background

- 4.1 Appendix A to this report sets out the audits that have been finalised this quarter. The table below shows the breakdown of completed audits by opinion given.

Audit Type	No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
Corporate Systems	0	1	4	1
Schools	0	2	1	2

- 4.2 For this reporting period there was one completed corporate audit and two school audits given a limited assurance opinion. The table above shows that the number of limited assurance reviews continues to remain a small proportion of the audits completed. The summary detail covering the issues/why the limited assurance opinions were given is set out below:-

Limited Assurance Opinion Reports

(a) Payroll

The day-to-day processes for updating new starters, leavers and amendments were generally effective with information updated timely. We found that due to the structuring of operational responsibilities between teams, there was a lack of adequate segregation of duties and effective access controls within the payroll system. Peer review and verification processes are implemented which mitigate against this lack of segregation of duties and the risk of inaccurate or fraudulent payments, but we found they were not consistently applied.

These system weaknesses are to be addressed as part of a review of payroll processes, and mapping these to the new payroll system, ITrent. There is Internal Audit representation on the Project Board for the payroll system replacement, who will advise on these process changes when they are being considered/designed.

(b) Westwood Farm School Federation

Improvements are required in relation to purchase order/payment processes and receipt of goods, the reconciliation processes for expenditure and income streams, lettings arrangements and School Fund accounting requirements.

We noted that there seemed to be a lack of clarity about some roles within the Finance Team which have resulted in processes not being followed and errors. This may in part stem from the evolution of processes since the school federated and the recent introduction of new systems including the BACS Bankline payment system.

(c) Bucklebury Primary School

Improvements are required in relation to review and update of the Financial Management Policy and framework for delegated authorities, purchase order/payment and procurement card processes, the appointment processes for new starters, and the School Fund accounting requirements.

With regards Governance, improvements are required to administration of Governors Registers of interests and strengthening evidence in minutes of the discussions related to budget monitoring.

We noted documentation was not always signed and dated and therefore there was not always an audit trail to evidence segregation of duties or timeliness of accounting processes.

For each of the limited assurance reports mentioned above, a follow-up review will be undertaken to check on progress against the agreed recommendations. This usually commences six months after the report was finalised.

4.3 There were no completed Follow-up reviews in the period.

4.4 Details of the audit work in progress and the stage reached is set out at Appendix B. This includes audits still in progress from last financial year, most of which are at the draft report stage and therefore are almost complete. For context, where work is commenced late in the last quarter of the year, it will inevitably roll into the next year to be completed. Also, 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. As a small team, we also need to react to emerging changes in risk during the year, for example suspected fraud, requests for unplanned work and investigations, as well as audit advice, result in the need to reprioritise work, which results in delays in the planned work that has already commenced.

4.5 Progress made against the Anti-Fraud Work Plan is set out at Appendix C.

Proposals

Members note the outcome of audit work.

5 Other options considered

5. Not applicable, the report is for information only.

6 Conclusion

6. One corporate review and two school audits completed during the period were given a limited assurance opinion. The volume of limited assurance reports continues to be a low proportion of audit work undertaken. There are no areas of concern identified from audit work completed in the period which need to be highlighted to Committee.

7 Appendices

7.1 Appendix A - Completed Audit Work.

7.2 Appendix B - Current Audit Work.

7.3 Appendix C - Anti-Fraud Work Plan Update.

Corporate Board's recommendation

*(add text)

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

Wards affected: All

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