
Internal Audit Update Report – Quarter Three 2024/25

Committee considering report:	Governance Committee
Date of Committee:	29 April 2025
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 Three 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

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 Three of 2024/25.
- 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 audits completed during the period which were given a limited assurance opinion. There was one school audit that was given a limited assurance opinion, and one corporate follow-up that was given an unsatisfactory progress rating.
- 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 The Audit Team has an in-service reportable performance target to achieve at least 80% of the audit plan for the year. As at the end of quarter 3, the projected year end figure was 87%.

5 Supporting Information

Introduction/Background

- 5.1 For each piece of assurance work undertaken the report provides an audit assurance opinion on the effectiveness of governance, risk management and control in the area under review.
- 5.2 An assessment of the number of reviews in each opinion category is the key factor used to determine the Internal Audit annual assurance opinion. Descriptions of the assurance opinion ratings used are detailed as follows:

Opinion	Description
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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.

- 5.3 Appendix A to this report sets out the audit work that has been finalised this quarter. The table below shows the breakdown of completed audits by opinion given. For this reporting period there were no completed corporate audits given a less than reasonable assurance opinion, there was one school given a limited assurance opinion.

Audit Type	No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
Corporate Systems	0	0	2	0
Schools	0	1	0	3

- 5.4 We carry out a follow-up review for all audits given a less than reasonable assurance opinion. We use three categories to provide a conclusion on the level of progress with implementing agreed recommendations, **Fully Implemented**, **Satisfactory** (no issues of concern still needing to be addressed), and **Unsatisfactory** (large number of recommendations outstanding and/or weaknesses of concern not addressed). Appendix A includes the follow-ups that have been finalised in the quarter, the following table shows the break down by progress opinion. There was one corporate follow-up completed during the period where an unsatisfactory progress rating was given.

Follow-up Type	Unsatisfactory	Satisfactory	Fully Implemented
Corporate Systems	1	0	0
Schools	0	1	0

5.5 Limited Assurance Opinion Reports/Unsatisfactory Follow-up Audits

(a) Kite Federation Schools – Limited Assurance Report

The audit testing identified improvements are required in relation to the following:-

- i. Processes for purchase orders/payments, goods receipting and procurement card usage, bank reconciliations, lettings and the monitoring and reconciliation of payments from Breakfast and extracurricular clubs and School Fund accounting requirements.
- ii. Governance administration specifically around governor appointments and membership processes and declaration of interests.
- iii. Governor monitoring and oversight of expenditure and forecast information, as well as the need to evidence discussions/challenge and decisions around finances within meeting minutes.
- iv. There is a need to streamline and simplify processes/methods for management and monitoring of income streams.

(b) West Berkshire Lottery Follow-up

- i. Since the audit report was completed there has been a change in responsibilities for the management oversight of the Lottery Scheme, in April 2024 it transferred from Procurement and Commissioning to Community Services. A handover was provided at transition although our audit report and advisory points were not shared.
- ii. Currently the Service Director, Community Services is the sole person undertaking the oversight role of the scheme with limited resource/capacity to implement more robust day to day monitoring activities for the management oversight.
- iii. Despite the resource challenges, we found that there has been a positive direction of travel, including proactive attempts made to define responsibilities and acquire the necessary resources to improve the oversight and monitoring.
- iv. The contract has also been progressed, although at the time of our follow-up review it had still not been finalised.

We plan to carry out a second stage follow-up 6 months from the completion of the first follow-up.

5.6 Details of the audit work in progress and the stage reached are set out at Appendix B. This includes one audit relating to last financial year, which is at the draft report stage and therefore 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.

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

- 4.8 The previous update report to Committee included two unsatisfactory follow-up reviews. The relevant Service Directors attended Committee to give an update on progress since the follow-up was undertaken/to answer member questions. It was requested that each Service Director provide a more detailed written note of progress made/plans for further progress for this Committee meeting. The Follow-up note for Business Continuity has been provided (Appendix D), which sets out the plans for further progress against key recommendations together with timeframes. The Service Director for Finance, Property and Procurement has not been able to meet the deadline for an update on the Accounts Receivable Follow-up, this will be submitted as part of the next quarterly update.
- 4.9 The Audit Team has an in-service reportable performance target to achieve at least 80% of the audit plan for the year. As at the end of Quarter 3, the projected year end figure was 87%.

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 during the period given a less than reasonable assurance opinion, there was one school given a limited assurance opinion. There was one corporate follow-up review completed that was given an unsatisfactory progress opinion. The volume of limited assurance reports and unsatisfactory follow-ups continue 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.

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.
- 7.4 Appendix D – Business Continuity Audit Progress Update from Service Director.

Background Papers:

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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