

Allerdale Borough Council

Audit Committee – 28 November 2022

Internal Audit Progress Report 2022.23 Q3.

Portfolio holder	Councillor Colin Sharp PH Finance & Legal
Report from	Michael Roper - Strategic Advisor: Assurance, Risk & Audit
Wards affected	All
Is this a key decision	No

1.0 The reason for the decision

- 1.1 To inform the Committee of the work performed by the Assurance, Risk and Audit Team between October and November 2022/23.

2.0 Recommendations

- 2.1 That progress against the 2022/23 audit report is noted subject to any additional information that the committee may require.
- 2.2 That proposed amendments to the Internal Audit plan are approved.

3.0 Background and Introduction

- 3.1 Work has been ongoing to progress the Internal Audit plan and deliver assurances on the Council's governance, risk management and internal control frameworks.

4.0 Progress

- 4.1 Three audit reviews have been finalised since the last progress report and are submitted to the Audit Committee for their consideration, as summarised in the table below. Progress against individual items in the plan is detailed in Appendix 4.

Review	Assurance Rating	Appendix
Covid-19 Grant payments (Counter-Fraud)	Substantial	1
Regeneration Projects	Reasonable	2
Procurement (Counter-Fraud)	Reasonable	3

4.4 In addition Assurance, Risk & Audit has provided assurance and risk advice to support the organisation in the achievement of its objectives in the following areas:

- Commencing a series of Risk Management workshops with Service managers to update operational risk registers.
- Attendance at the Council's Programme Board providing feedback and suggested enhancements to the Board's strategic risk register.
- Involvement in LGR workshops to discuss Internal Audit services to be delivered from 2022.23.

5.1 A total of 15 outstanding actions were followed up in the period. Findings are included at Appendix 5 and summarised below:

- 12 (80%) agreed actions have been confirmed as fully actioned.
- 1 (7%) agreed actions to be reviewed as part of a planned Internal Audit.
- 2 (13%) agreed actions have been progressed, but are not yet complete

5.2 Progress has been made against those recommendations that could not be closed, but additional support has been identified to ensure actions can be fully closed. All outstanding actions will be included in the next follow-up exercise for Q4.

6.0 Internal Audit Plan

6.1 As reported at the previous audit committee, the Internal Audit plan required review as the plan approved in July 2022 was based on the previous team structure and included contingencies no longer required.

6.2 A revised plan, based on Assurance, Risk and Audit's understanding of the risk environment (including discussions with Senior Managers) was approved by SMT on 26th October 2022 and was communicated to committee members on 28th October 2022 for information. The revised plan is attached at Appendix 6. Amendments are highlighted in the Appendix and summarised below:

- An increase of 47 available audit days due to restructure and 15 external days commissioned in relation to risk management assurances.
- Increased training allocation by 10 days.
- Removal of 10 day allocation for following up outstanding recommendations and 10 day contingency for advice and guidance as these are delivered by the Senior Advisor (included in management time)

- Reduce counter-fraud contingency from 10 days to 5 and LGR contingency from 20 days to 5 based on limited draw to date
- Addition of three risk-based audit reviews (Environmental Health, Planning, Building Security) and 1 main financial system review (Debtors).

6.2 The revised plan will ensure suitable coverage of the governance, risk management and internal control framework to enable delivery of the annual internal audit opinion for 2022/23.

7.0 Key Performance Indicators

7.1 To provide an effective internal audit service, there needs to be a measure of the performance it achieves. The table below shows progress against the agreed KPI indicators for 2022/23.

Indicator	Target	Actual
Planned Audits Completed	45% ¹	30%
Timely Draft Reports (within 3 months of fieldwork starting)	80%	100%
Timely Final Reports (within 8 days of client response)	90%	100%
Recommendations Agreed	95%	100%
Assignments completed within 10% of allocated resource.	60%	100%
Chargeable time	80%	62%
Recommendations implemented	80%	70%

7.2 Planned audits to completion is below target due to the time-lag from agreeing draft reports to finalising. A further two reports are nearly completed, which will take actual audits completed to 50% by the end of November.

7.3 Chargeable time is lower than target due to the initial vacancies (as all Senior Advisor time is allocated to management codes).

7.0 Implications and Impact

7.1 Contribution to Council Strategy Priorities, Outputs and Outcomes

Acceptance of the Assurance, Risk and Audit Team's work provides a direct and indirect contribution to the achievement of the Council's priorities, in accordance with the Assurance, Risk and Audit Service Plan

¹ Based on 90% target (Jul-Nov)

7.2 Finance/Resource implications

There are no additional finance or resource issues that have not been previously highlighted in this report or previously reported to the Committee.

7.3 Legal and governance implications

There are no additional legal and governance issues that have not been previously highlighted in this report or previously reported to the Committee.

7.4 Risk analysis

Acceptance of this report has no risk management implications other than the consideration of the Corporate Risks and Issues Log by the Committee in terms of oversight of the effectiveness of Risk Management Framework.

7.5 Increasing satisfaction and service

Deliver of Internal Audit assurance activity will ensure an effective Internal Audit service that adds value to the achievement of organisational objectives through reviewing and suggesting improvements to the Governance, Risk Management and Internal Control Framework.

7.6 Equality impacts

Equality impacts Equality is considered during the Assurance, Risk and Audit activities

7.7 Health and Safety impacts

Acceptance of this report has no health and safety impacts

7.8 Health, wellbeing and community safety impacts

Acceptance of this report has no health, wellbeing and community safety impacts

7.9 Environmental/sustainability impacts

Acceptance of this report has no environmental/sustainability impacts

7.10 Other significant implications

None

Appendices attached to this report

Appendix number	Title of appendix
1	Internal Audit Report – Covid 19 Grant Payments (Counter-Fraud)
2	Internal Audit Report – Regeneration Projects
3	Internal Audit Report – Procurement (Counter-Fraud)
4	Progress against Audit Plan (2022/23)
5	Progress against outstanding actions
6	Internal Audit Plan 2022/23 (Revisions)

Background documents available

Name of background document	Where it is available

Report author(s) and contact officer(s):

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