



Report to Audit Committee

Meeting Date – 25 March 2024
Key Decision – No
Public/Private – Public

Portfolio – Markus Campbell-Savours – Governance & Thriving Communities
Directorate – Resources
Lead Officer – Michael Roper – Acting Head of Internal Audit & Risk Management

Internal Audit Progress Report (March) 2023/24

Summary: To provide an overview of the work carried out by Internal Audit since the previous Audit Committee on 22nd February 2024.

Recommendations:

Members are requested to:

- (i) Note the progress against the audit plan for 2023/24.
- (ii) Receive the final audit assignment at Appendix 2.
- (iii) Note progress made on outstanding actions outlined in Appendix 3.
- (iv) Note progress made on improvement actions from PSIAS self-assessment in Appendix 4.
- (v) Approve the amendments to the 2023/24 Internal Audit plan specified in paragraph 2.13 and Appendix 1.

Tracking

Executive:	
Scrutiny:	
Council:	

1. Background

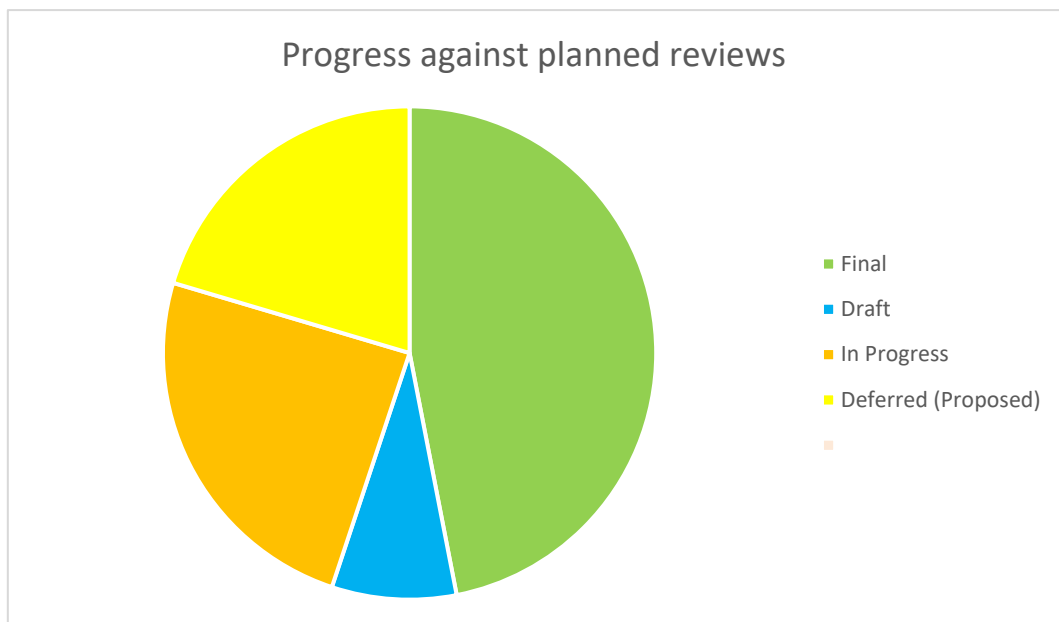
- 1.1. Management is responsible for establishing effective systems of governance, risk management and internal control. It is the responsibility of management to put appropriate arrangements in place to confirm that their systems are working effectively, that all information within them is accurate and that they are free from fraud or error.
- 1.2. Internal Audit's role is to provide independent assurance to senior management and the Audit Committee over the adequacy and effectiveness of management's arrangements for governance, risk management and internal control. This report details the work undertaken to deliver this objective.

2. Proposals

- 2.1. Progress against the revised 2023/24 Internal Audit plan (approved by Audit Committee on 6th December 2023) is detailed at **Appendix 1**.

Audit Reviews

- 2.2. The plan includes 49 reviews. 27 of these have been completed to draft with 12 more in progress. These 39 reviews will contribute to the annual internal audit opinion for 2023/24.



- 2.3. The following reviews have been finalised in the period.

Review Title	Assurance Rating	Appendix
Procurement Cards	Partial	2
Financial Regulations	N/A	N/A

- 2.4. The plan included a short review of the Council's Financial Regulations. This review was undertaken by Internal Audit and comments were provided to the Chief Finance Officer (S151 Officer). No significant findings were identified by the review.

- 2.5. Internal Audit commenced the planned review of income in February 2024. Work on the audit has been suspended. A back-log of income records not posted to the general ledger was identified, making it difficult to undertake an audit. A plan is in place to address this back-log, with additional resources now in place. Senior Management have been notified of the issues identified and the need to delay the audit. Progress will be monitored by Internal Audit and a full review will be undertaken in early 2024/25 as soon as it is possible to do so.

Grant Claims

- 2.6. Audit verification of grant claims for Supporting Families has been completed for 2023/24, enabling the Council to submit funding claims to DHLUC for payment.

Follow-Ups

- 2.7. 16 outstanding actions (1 legacy/4 Cumberland/11 School) were followed up in the current period, as detailed in **Appendix 3**:
- 6 recommendations have been completed and can be closed.
 - 10 recommendations have not been completed and have been given revised completion dates for future follow-up.

Counter-Fraud

- 2.8. Work has been ongoing to develop a Fraud SharePoint site for staff to access policies and guidance and a fraud e-learning module is also in development.
- 2.9. A fraud investigation is currently being undertaken by Internal Audit. The outcomes of which will be reported to the Committee when completed.

Advice & Consultancy

- 2.10. The following ad-hoc advice was provided in the period:
- Audit advice was provided in relation to credit checking of potential contractors.
- 2.11. Internal Audit also spend time reviewing and responding to the external auditor draft VFM findings report for Copeland (2018/19 & 2019/20 / 2020/21 & 2021/22), as well as meeting to discuss internal audit and risk management as part of Cumberland's 2023/24 VFM review.

Continuous Improvement

- 2.12. A self-assessment of Internal Audit's compliance with the (PSIAS) Public Sector Internal Audit Standards was completed and reported to the 21st August 2023 Committee, including agreed improvement actions.
- 2.13. Progress against the agreed action plan is included at **Appendix 4**. Timescales have been amended to reflect current team resources for the four recommendations that remain open.

Amendments to the Audit Plan

2.14. There are 10 reviews in the 2023/24 audit plan that have not been started as at March 2024. It is proposed these assignments are deferred, with the approach to be taken specified in the comments at **Appendix 1**.

Key Performance Indicators

2.15. Performance against the approved KPIs are noted as follows:

Indicator	Target	Actual
Planned Audits Completed	80%	55% (To draft)
Timely Draft Reports (within 3 months of fieldwork starting)	80%	50%
Timely Final Reports (within 8 days of client response)	90%	100%
Recommendations Agreed	95%	100%
Assignments completed within 10% of allocated resource.	70%	31%
Recommendations implemented first time	60%	TBC

2.16. Completing the plan is a continuous challenge due to vacancies and long-term absence; however, additional temporary resource has been added to the team, which is contributing towards an increase in the number of assignments that will be complete for 2024/25.

3. Alternative options considered

3.1. None

4. Conclusion and reasons for recommendations

4.1. The Committee is asked to consider the work undertaken to date by Internal Audit during 2023/24.

Implications:

Contribution to the Cumberland Plan Priorities - Delivery of the Internal Audit plan will enable the Head of Internal Audit and Risk Management to provide an opinion on the governance, risk management and internal control frameworks in place for the Council.

Relevant Risks – Contained within the report

Consultation / Engagement -

Legal – None

Finance – None

Information Governance – None

Impact Assessments –

Have you screened the decision for impacts using the Impact Assessment?

If you have not screened the decision using the Impact Assessment, please explain your reason.

Contact details:

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Appendices attached to report:

Appendix 1 - Progress against Internal Audit Plan 2023/24

Appendix 2 - Procurement Cards

Appendix 3 - Progress against outstanding actions

Appendix 4 - Progress against improvement actions from PSIAS self-assessment

Background papers:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers: