

# Harborough District Council

## Report to the Audit & Standards Committee 30<sup>th</sup> October 2024



|                          |   |
|--------------------------|---|
| <b>Title:</b>            | <b>Internal Audit – progress and performance update</b>   |
| <b>Status:</b>           | Public  |
| <b>Key Decision:</b>     | No  |
| <b>Report Author:</b>    | Rachel Ashley-Caunt, Chief Internal Auditor, North Northamptonshire Council                               |
| <b>Portfolio Holder:</b> | Cllr Mark Graves  |
| <b>Appendices:</b>       | Appendix 1 – Internal Audit Progress Report October 2024<br>Appendix 2 (a to j) – Overdue Recommendations |

### Executive Summary

The Audit and Standards Committee is scheduled to meet four times a year, at each meeting Internal Audit reports its performance in respect of:

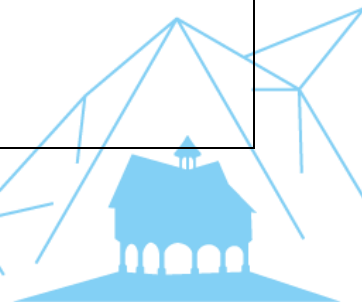
- **the audit plan**; the assignments for the first quarter of the financial year are progressing well;
- **any recommended amendments to the audit plan**; one addition to the plan is noted in this report; and
- **outcomes of finalised audit assignments**; which will be reported to the committee as the reports and action plans are agreed by officers.

In addition to performance, Internal Audit also reports on outstanding actions arising from audit reports. There are currently 23 actions that have not been implemented by the agreed implementation deadline; 19 of which are over 3 months over their implementation date.

### Recommendations

**The committee considers the Internal Audit Progress Report (Appendix 1) and Overdue Recommendations (Appendix 2 a to j) and comments as it considers necessary.**

**The committee approves the proposed amendment to the Internal Audit plan for 2024/25 to postpone audit coverage on IT Transformation and replace with assurance work on Cyber Security.**



## Reasons for Recommendations

To support the Audit and Standards Committee's role in ensuring good governance, strong financial management and an effective internal control environment. Additionally, to oversee the independence, objectivity, performance, and professionalism of internal audit.

### 1. Purpose of Report

- 1.1 To update Members on progress against the 2024/25 internal audit plan, key findings of audits completed and status of outstanding recommendations.

### 2. Background

#### Internal Audit

- 2.1. The Council's internal audit service is provided, under delegation, by North Northamptonshire Council. The Audit and Standards Committee (ASC) agreed a new delegation at the meeting held on 2<sup>nd</sup> February 2022 (link to report [here](#)). They are commissioned to provide 235 days to deliver the 2024/25 Annual Audit Plan, which was approved by ASC on the 24<sup>th</sup> April 2024 (link to report [here](#)).

### 3. Detail

- 3.1 The following paragraphs summarise the main items covered within the Internal Audit Progress Report (Appendix 1) and provide commentary in respect of overdue recommendations (Appendix 2).

#### Internal Audit Progress 2024/25

#### 3.2 Audit Plan

- 3.2.1 The Internal Audit team are delivering against the audit plan that was approved in April 2024 and all assignments scheduled for the first quarter of the financial year are underway.
- 3.2.2 The Chief Internal Auditor has confirmed that the Audit Plan is on target to be achieved within the allocated 235 days.

#### 3.3 Customer Satisfaction

- 3.3.1 Two customer feedback questionnaires have been returned so far this financial year and are summarised in Appendix 1.

## Outstanding Recommendations.

3.4 In respect of medium to high priority outstanding recommendations, members will recall that July's meeting there were and 20 outstanding, now there are 16, including 4 new actions since July. Table 1 below shows the net change by service, please see the respective appendices for the detailed update.

| Change in "High & Medium" Priority Recommendations since the last ASC in July 2024 |  |           |                             |           |              |   | Table 1   |  |
|--|--|-----------|-----------------------------|-----------|--------------|---|-----------|--|
| Priority -><br>Service   | Reported as Outstanding at last<br><a href="#">ASC, July 2024 - Appendix B</a> |           | Reported as Outstanding Now |           |              | Net Change in Outstanding Audit Actions |           |  |
|  | High   | Medium    | High                        | Medium    | Appendix Ref | High                                    | Medium    |  |
| Finance  | 1  | 4         | 1                           | 6 (ii)    | Appendix 2a  | 0                                       | 2         |  |
| Regulatory   | 0  | 1         | 0                           | 0 (iii)   | N/a          | 0                                       | -1        |  |
| Deputy Chief Executive [Director of Resources] (i)                                 | 0  | 7         | 0                           | 5         | Appendix 2b  | 0                                       | -2        |  |
| ICT & Transformation   | 0  | 1         | 0                           | 0 (iii)   | N/a          | 0                                       | -1        |  |
| Legal  | 0  | 4         | 0                           | 0 (iii)   | N/a          | 0                                       | -4        |  |
| Development Management   | 0  | 1         | 0                           | 1         | Appendix 2c  | 0                                       | 0         |  |
| Projects   | 0  | 1         | 0                           | 1 (iv)    | Appendix 2d  | 0                                       | 0         |  |
| Environment/Climate Change   | 0  | 0         | 0                           | 1 (v)     | Appendix 2e  | 0                                       | 1         |  |
| Democratic Services & Elections  | 0  | 0         | 0                           | 1 (v)     | Appendix 2f  | 0                                       | 1         |  |
| <b>Total</b>   | <b>1</b>   | <b>19</b> | <b>1</b>                    | <b>15</b> |              | <b>0</b>                                | <b>-4</b> |  |
|  | <b>20</b>  |           | <b>16</b>                   |           |              |   | <b>-4</b> |  |

**Notes**

(i) In September 2024, these recommendations transferred to the Deputy Chief Executive, who intends to assign these to the Head of Democratic Services & Elections. With a revised implementation date of 31 March 2025.

(ii) Two further finance "medium" priority recommendations became due since July's ASC.

(iii) These outstanding actions have been implemented.

(iv) For the Project Team, there was one "medium" priority recommendation outstanding in July 2024 which has been implemented; this has been replaced by further recommendation that became due for implementation since July's ASC.

(v) These are new actions that became due for implementation since July's ASC.

If the link "ASC, July 2024 – Appendix B" does not work, please use this [link](#).

3.4.1 At July's Audit & Standards Committee, if there was no movement for the outstanding audit actions reported at that committee, the committee requested that respective officers were to attend to present their reasons. At the time of drafting this report, the following officers have been requested to attend:

- **Director of Resources** will attend to present the service reasoning for non-implementation of the outstanding audit actions in respect of:
  - Finance, Appendix 2a.

- Deputy Chief Executive, Appendix 2b
- Projects, Appendix 2d.
- **Head of Development Management** will attend to present the service reasoning for non-implementation of the outstanding audit actions in respect of Development Management, Appendix 2c.

3.4.2 In respect of the low priority outstanding recommendations, members will recall that at July's Audit & Standards meeting there were 7 outstanding, 6 of these remain outstanding and 1 is new. Table 2 below shows the net change by service, please see the respective appendices for the detailed update.

| Change in "Low" Priority Recommendations since  |                                     |                             |             | Table 2                                 |
|---|-------------------------------------|-----------------------------|-------------|---|
| Service   | Reported as Outstanding at last ASC | Reported as Outstanding Now |             | Net Change in Outstanding Audit Actions |
| Finance   | 3                                   | 3                           | Appendix 2g | 0                                       |
| Legal   | 1                                   | 1                           | Appendix 2h | 0                                       |
| Human Resources   | 1                                   | 0 (**)                      | N/a         | -1                                      |
| Deputy Chief Executive [Director of Resources] (*)  | 2                                   | 2                           | Appendix 2i | 0                                       |
| Environment/Climate Change  | 0                                   | 1 (***)                     | Appendix 2j | 1                                       |
| <b>Total</b>  | <b>7</b>                            | <b>7</b>                    |             | <b>0</b>                                |
| <b>Notes</b>  |                                     |                             |             |   |
| * in September 2024, these recommendations transferred to the Deputy Chief Executive, who intends to assign these to the Head of Democraic Services & Elections. With a revised implementation date of 31 March 2025. |                                     |                             |             |   |
| ** This outstanding actions have been implemented.  |                                     |                             |             |   |
| *** These are new actions that became due for implementation since July's ASC.  |                                     |                             |             |   |

### 3.5 Amendment to audit plan

3.5.1 An amendment to the Internal Audit plan is recommended. The current plan includes 12 days for an audit on IT Transformation. Given the ongoing work from the 2023/24 coverage on Cyber Security, it is considered that this is a higher priority area for focused audit coverage and an informed assurance opinion on this area would be of greater value. It is proposed that the audit on IT Transformation be removed from the 2024/25 plan and the 12 days be reallocated to audit work on Cyber Security.

## 4. Implications of Decisions

- 4.1. **Corporate Priorities**; internal audit provides assurance to the Council in respect of internal control and other governance issues, which directly supports the delivery of the Councils corporate priorities.
- 4.2. **Financial**; there are no direct financial implications arising from this report.
- 4.3. **Legal**; there are no direct legal implications arising from this report.
- 4.4. **Policy**; there are no direct policy implications arising from this report.

- 4.5. **Environmental Implications including contributions to achieving a net zero carbon Council by 2030;** there are no direct environmental implications arising from this report.
- 4.6. **Risk Management;** there are no direct risk management implications arising from this report. However, members must not that the audit approach is “risk-based”, and an effective internal audit service is one means by which the Council is able to effectively manage risk.
- 4.7. **Equalities Impact;** there are no direct equalities implications arising from the report.
- 4.8. **Data Protection;** there are no direct data protection implications arising from the report.

## 5. **Summary of Consultation and Outcome**

- 5.1 The Chief Internal Auditor has consulted with the Councils s.151 in respect of performance and senior managers for individual audit assignments. The Audit and Standards Committee were consulted in respect of preparing the 2024/25 Audit Plan and approved the plan in April 2024.

## 6. **Alternative Options Considered**

- 6.1 No alternative options considered as none are appropriate.

## 7. **Background papers**

- 7.1 None