

Harborough District Council

Report to the Audit & Standards Committee 15 March 2023



Report Number:	Report 2
Title:	Internal Audit – progress and performance update
Status:	Public
Key Decision:	No
Report Author:	Mr Clive Mason. Director; Finance, ICT and Assets <i>On behalf of Rachel Ashley-Caunt, Chief Internal Auditor, North Northamptonshire Council</i>
Portfolio Holder:	Cllr James Hallam
Appendices:	Appendix A – Internal Audit Progress Report (Update) March 2023 Appendix B – Overdue Recommendations

Summary

- i. The Audit & Standards Committee is scheduled to meet four times a year, at each meeting Internal Audit reports its performance in respect of:
 - **the audit plan:** all assignments are now complete or in progress;
 - **customer satisfaction:** to date internal audits customers have accessed the service as Good or Outstanding, and for
 - **productivity:** current performance is 95% against a target of 90%.
- ii. In addition to performance, Internal Audit also reports on outstanding recommendations / actions. There are currently 14 actions that have not been implemented by the agreed implementation deadline; 2 of which are over 3 months since their implementation date and of “medium-priority”.

Recommendations

- iii. **The committee considers the Internal Audit Progress Report (Appendix A) and Overdue Recommendations (Appendix B) and comments as it considers necessary.**

Reasons for Recommendations

- iv. To support the Audit & 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 2022/23 internal audit plan, key findings of audits completed and status of outstanding recommendations.

2. Background

- 2.1 The Council's internal audit service is provided, under delegation, by North Northamptonshire Council. The Audit & Standards Committee (ASC) agreed a new delegation at the meeting held on 2nd February 2022 (link to report [here](#)). They are commissioned to provide 235 days to deliver the 2022/23 Annual Audit Plan, which was approved by ASC on the 2nd March 2022 (link to report [here](#)).

3. Detail

- 3.1 The following paragraphs summarise the main items discussed within the Internal Audit Progress Report (**Appendix A**) and commentary in respect of overdue recommendations (**Appendix B**).

Internal Audit Progress 2022/23

Audit Plan

- 3.2. Since the November Audit & Standards Committee meeting, four audit assignments have been finalised. Fieldwork is complete or underway on all assignments within the annual plan; these are shown below:

Audit Theme: Corporate governance and counter fraud

- **National Fraud Initiative (NFI)** – 2022 data upload complete.

Audit Theme: Key Corporate Controls and Polices

- **Performance Management** – final report issued;
- **Information Governance** – final report issued;
- **IT Asset Management** – final report issued;
- **Procurement compliance** – fieldwork underway;
- **Key financial systems** – fieldwork underway.

Audit Theme: **The People: A healthy, inclusive and engaged community**
- **Leisure services (embedded assurance)** – final report issued.

Audit Theme: **The Place: An enterprising, vibrant place**
- **Environmental Services contract management** – fieldwork underway but delayed until March - April 2023 at management request.

Audit Theme: **Council Priority: Innovative, proactive and efficient**
- **Strategic Partnering and Shared Services** – final report issued;
- **Agile working** – final report issued;
- **Online payments** – advisory work complete.

3.3 The Chief Internal Auditor has confirmed that the Audit Plan is on target to be achieved within the allocated 235 days.

Customer Satisfaction

3.4 Two audit questionnaires have been returned so far and the lowest rating is currently Good.

Productivity

3.5 The productivity target is 90%, performance to date is 95%.

Outstanding Recommendations.

3.5 Since the last report to committee, 10 actions have been implemented and 14 remain overdue. Of the 14 unimplemented actions:

- 4 were due to have been completed within the last 3 months, and
- 10 are over 3 months since their implementation date. Of these 10, 2 recommendations are “medium priority” and are detailed in **Appendix B**.

4. Implications of Decisions

Corporate Priorities

4.1 Internal audit provides assurance to the council in respect of internal control and other governance issues, which directly supports the delivery of the Council’s corporate priorities.

Financial

4.2 There are no direct financial implications arising from this report. There are 14 recommendations (down from 19 in November 2022) that are outstanding and passed their implementation date; these are being followed up by the s.151 officer. However, as noted there are two medium priority recommendations that are over 3-months old and are expected to be dealt with shortly or as part of a wider project review.

Legal

4.3 There are no direct legal implications arising from this report.

Policy

4.4 There are no direct policy implications arising from this report.

Environmental Implications

4.5 There are no direct environmental implications arising from this report.

Risk Management

4.6 There are no direct risk management implications arising from this report. However, members must not think 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.

Equalities Impact

4.7 There are no direct equalities implications arising from the report.

Data Protection

4.8 There are no direct data protection implications arising from the report.

Summary of Consultation and Outcome

4.9 The Chief Internal Auditor has consulted with the council’s s.151 officer in respect of performance, and senior managers for individual audit assignments. ASC were consulted in February 2022 in respect of preparing the 2022/23 Audit Plan, and approved the plan in March 2022.

5. Alternative Options Considered

5.1 No alternative options considered as none are appropriate.

6. Background papers

6.1 None