

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 5</b>
<b>27 NOVEMBER 2023</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth – Executive Director of Corporate Services	
Cabinet Member(s) responsible:	Councillor Howard – Deputy Leader and Cabinet Member for Corporate Governance and Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

**INTERNAL AUDIT: MID YEAR PROGRESS REPORT 2023/ 2024**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Steve Crabtree, Chief Internal Auditor	<b>Deadline date:</b> N/A
It is recommended that Audit Committee:	
1. Note the progress of the Internal Audit plan for 2023 / 2024	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to the Audit Committee as a routine planned report within the 2023 / 2024 work programme of the Committee.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following "2.2.2.1 To consider the annual audit report and opinion of the Executive Director of Corporate Services and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements".

2.2 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the council. It is based on the findings of the completed internal audits from the Annual Audit Plan 2023 / 2024 as at 30 September 2023.

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A
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## **4. INTERNAL AUDIT UPDATE**

### **4.1 INTRODUCTION.**

- 4.1.1 The details of the progress of the 2023 / 2024 plan are documented in Appendix A and Appendix B. Internal Audit utilise an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, as well as listing the audits completed, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have also been highlighted. We will continue to appraise risk and refine our audit plans, therefore those audits that have yet to be started could be replaced if risk levels change.

### **4.2 RESOURCES**

- 4.2.1 The 2023 / 2024 plan was compiled on the basis of an in house team with an establishment of 6.1 full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and is a Director of Peterborough Limited. Management of these activities included within the plan was budgeted to be just over 0.4 FTE bringing direct audit time to 5.7 FTE.

In addition to the above, the team held a vacancy for a Senior Auditor which was in the process of being recruited to at the time the plan was agreed, along with a Senior Auditor due to start in May at 80% (0.8 FTE). An adjustment was made and resources were reduced to 5.4 FTE for the year and formed the basis of the plan.

At this point the team has been unsuccessful in recruiting to the vacant Senior Auditor post but some temporary resources through an agency contract have been obtained to cover for some of the shortfall. This is ending in October to enable the team to go out to the market for a permanent solution. In addition, the Senior Auditor appointed as 0.8FTE reduced their hours to 0.6FTE, reducing the FTE available further. They have also recently resigned and are due to leave the organisation. This has resulted in the team once again having 2 vacancies which are due to be readvertised. If suitable appointments are made it is not envisaged that the individuals will be in post until January 2024. Should the recruitment exercise prove unsuccessful consideration will be made to utilise an external provider.

- 4.2.2 The plan continues to highlight those audits that are not achievable within the currently available resource levels, but it remains highly flexible to respond to risks as they arise. Committee should be aware that a number of audits have dropped below the line as they are no longer achievable based on the resourced number of days available. This is due to vacancies, absence levels and a resource heavy investigation which did not form part of the original audit plan. Please see Appendix B for further details regarding the specific audits.
- 4.2.3 Arrangements are being put in place for an external provider to undertake 2 reviews that are programmed within Peterborough Limited. As agreed previously at Audit Committee, this is due to the conflicts of interests arising due to the Chief Internal Auditors directorship. These reviewed are due to be undertaken in quarter 4.

### **4.3 PERFORMANCE AND OUTPUT**

- 4.3.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: SUBSTANTIAL; REASONABLE; LIMITED; and NO ASSURANCE. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews are included within Appendix C, once the review has been agreed and finalised. There are two reports that fall into this category at this time – The Mayor of Peterborough Charity Fund 2021-22 and Climate Change
- 4.3.2 Of the 55 audits planned for the year, 16 have been completed, 23 are in progress and 16 are yet to be started.

- 4.3.3 Due to the nature of the work typically undertaken in the first part of the year including a high proportion of grant activities it is too early in the audit year to provide an overall opinion on the internal controls operating across the Council that have been subject to audit from the 2023 / 2024 audit plans. However, should any areas of significant concern occur the Committee will be advised at the earliest opportunity.

## **5. CONSULTATION**

- 5.1 This report and accompanying appendices have been issued to the Executive Director of Corporate Services and the Director of Law and Governance and Monitoring Officer.

## **6. CORPORATE PRIORITIES**

- 6.1 The annual audit plan is developed to consider and include the corporate priorities of the organisation to ensure that it adds value and assists in the business achieving positive outcomes. Audit activities undertaken will link to one or more of the priorities below depending on the individual scope and the associated risk profile.

1. *The Economy & Inclusive Growth*
  - *Environment (including a summary of the outcome of a completed Carbon Impact Assessment, to be submitted in full to the Transport and Environment Team)*
  - *Homes and Workplaces*
  - *Jobs and Money*
2. *Our Places & Communities*
  - *Places and Safety (including any rural implications)*
  - *Lives and Work*
  - *Health and Wellbeing*
3. *Prevention, Independence & Resilience*
  - *Educations and Skills for All*
  - *Adults*
  - *Children*
4. *Sustainable Future City Council*
  - *How we Work*
  - *How we Serve*
  - *How we Enable*

## **7. ANTICIPATED OUTCOMES OR IMPACT**

- 7.1 That the Audit Committee is informed of Internal Audit's progress against the Annual Audit Plan. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work.

## **8. REASON FOR THE RECOMMENDATION**

- 8.1 The Council is subject to the Accounts and Audit Regulations and as such must make provision for Internal Audit in accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards. It must also produce an Annual Governance Statement to be published with the Council's financial accounts. This report and associated papers demonstrate how the audit service is progressing against the audit plan how it will contribute to the Statement.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 The alternative of not providing an Internal Audit service is not an option.

## **10. IMPLICATIONS**

## **Financial Implications**

- 10.1 During the year, Internal Audit reports will generate a series of recommendations. While implementing these may have resource implications for the various areas under review, Internal Audit discuss and agree recommendations with the auditee prior to the issue of the final audit report. Therefore, it is assumed that their implementation can and will be undertaken either with existing resources or with additional resources that they can readily call upon.

## **Legal Implications**

- 10.2 The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations.

## **Equalities Implications**

- 10.3 Not applicable.

## **11. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

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- Internal Audit Annual Plan 2023 / 2024
- Internal Audit written output (reports, memos, grant certifications)

- 11.1 None

## **12. APPENDICES**

- 12.1 Appendix A: Internal Audit Mid Year Progress Report 2023 / 2024 (to 30 September 2023)  
Appendix B: Progress against agreed Audit Plan