

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Audit & Accounts Committee

15 September 2023

TITLE:	Internal Audit Periodic Report June to August 2023
PORTFOLIO HOLDER:	Councillor Chris Wood - Portfolio Holder for Finance
CONTACT OFFICER:	John Leak - Head of Audit
WARDS INVOLVED:	Non-Specific

Appendices Attached

Appendix 1 - Audit Reports Issued Between 1st June 2023 and 31st August 2023

Appendix 2 - Internal Audit 2023/24 Progress Information as at 31st August 2023

1. Reason for the Report

1.1 The Accounts and Audit Regulations 2015 requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. In accordance with the Public Sector Internal Audit Standards, the Head of Audit must report periodically to the Audit Committee on the internal audit activity’s performance relative to its plan.

2. Recommendation

2.1 That the committee note the progress information contained within this report.

3. Executive Summary

3.1 The purpose of this report is to summarise the findings of the remaining audits undertaken by the Council’s Internal Audit service for the 2022/23 financial year and also summarise performance information for the Council’s Internal Audit service for the 2023/24 financial year. This includes a breakdown of audits in progress and completed to date, the number and classification of recommendations made, agreed and where applicable, implemented by management.

3.2 The Audit Plan for 2022/23 was based on reduced resources due to the secondment and subsequent departure of an Auditor. As a consequence of this reduction in resources, the Audit Plan was amended during the year and took longer than usual to complete.

3.3 All audit recommendations have been agreed, and to date 88% of 2022/23 audit recommendations that are due have been implemented. As at 31st August, no 2023/24 audits have been fully completed. Where deficiencies in internal control have been identified and not corrected, Internal Audit are satisfied that they will be resolved in an appropriate manner and they will continue to monitor such cases. It should be noted that it is the responsibility of relevant Managers to implement agreed recommendations.

4. How this report links to Corporate Priorities

4.1 The assurance provided by the work of Internal Audit informs the Annual Governance Statement and therefore helps to confirm effective use of financial and other resources to ensure value for money.

5. Alternative Options

5.1 There are no options to consider.

ANDREW P STOKES
Chief Executive

Web Links and
Background Papers

None

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6. Detail

6.1 Introduction

6.1.1 The purpose of this report is to summarise the findings of the remaining audits undertaken by the Council's Internal Audit service for the 2022/23 financial year and also to summarise performance information for the Council's Internal Audit service for the 2023/24 financial year to date. This includes a breakdown of audits in progress and completed to date, the number and classification of recommendations made, agreed and where applicable, implemented by management.

6.1.2 The work of the internal audit service is primarily based upon an annual risk assessed audit plan, which for the financial year 2022/23 was agreed by this Committee at the 17th June 2022 meeting and for the current financial year 2023/24 at the 23rd June 2023 meeting. The Internal Audit service also carry out work outside of the audit plan for which a contingency is usually built in. This unplanned work consists mainly of internal control consultancy work and special investigations into suspected fraud and irregularity.

6.2 Audits Reports Issued & Status of Agreed Recommendations

6.2.1 A summary of the Audit Reports issued during the period 1st June 2023 to 31st August 2023 is shown in the table below. Further details of these audits outlining key issues and strengths and improvements are shown in **Appendix 1**.

Service	Audit	Recommendations			Assurance
		High Risk	Medium Risk	Low Risk	
2022/23 Audit Plan					
OD & Transformation	HR Agile Working	0	5	7	Limited

6.2.2 A further breakdown of all of the audits completed during the 2022/23 financial year including the current status of audit recommendations is detailed in the Annual Report later on this agenda. All audit recommendations have been agreed, and to date 88% of 2022/23 audit recommendations that are due have been implemented. A breakdown of all of the audits in progress and completed during the current financial year 2023/24 including the current status of audit recommendations is detailed in **Appendix 2**. As at 31st August, no 2023/24 audits have been fully completed. Where deficiencies in internal control have been identified and not corrected, Internal Audit are satisfied that they will be resolved in an appropriate manner and they will continue to monitor such cases. It should be noted that it is the responsibility of relevant Managers to implement agreed recommendations.

6.2.3 Councillors will note that in addition to every individual audit recommendation being allocated a risk, every audit completed has been given an 'assurance opinion' based upon Internal Audit's assessment of the internal control

environment. These assurance opinions inform the annual audit opinion on the overall adequacy and effectiveness of the Council's internal control environment. The control levels are defined as follows:

Control Level	Definition
Substantial	There is a robust framework of controls designed to achieve the objectives and controls are consistently applied.
Satisfactory	There is a sufficient framework of controls which for the most part, are consistently applied. However, weakness in the design or inconsistent application of controls within a few areas put achievement of particular objectives at risk.
Limited	Weaknesses in the system or the level of non compliance with controls in a number of areas are such to put the system objectives at risk.
Unsatisfactory	There is a significant breakdown in the framework of controls, which leaves the system open to significant abuse or error.

6.3 Audits In Progress

6.3.1 The status of 2023/24 audits that are currently in progress is shown in the table below.

Service	Audit	Status
Communities & Climate Change	Climate Change	Audit Complete. Management Response.
Service Commissioning	Leisure Contract Management	Audit in Progress.
OD & Transformation	Media & Communications	Audit in Progress.
Service Commissioning	Procurement	Audit in Progress.

6.4 Progress against Audit Plan

6.4.1 The Audit Plan for 2022/23 was based on reduced resources due to the secondment and subsequent departure of an Auditor. As a consequence of this reduction in resources, the Audit Plan was amended during the year and took longer than usual to complete.

6.4.2 The 2023/24 financial year has seen steady progress against planned audits and all of the audits in progress or nearing completion as detailed in 6.3 above will be completed soon. It is anticipated at this stage that a satisfactory year end position will be achieved.

6.4.3 Current key progress information for the 2023/24 audit plan is summarised in the following table, excluding unplanned work unless otherwise stated:

Summary Progress Information to 31st August 2023	
Percentage of Audit Plan completed / substantially completed	4%

Percentage of Audit Plan In Progress	26%
Number of recommendations made (including unplanned work)	N/A
Percentage of recommendations agreed with Service Managers (including unplanned work)	N/A
Percentage of recommendations implemented within agreed timescale (including unplanned work)	N/A

6.4.4 Should recommendations have not been agreed, compensating controls exist or service managers have accepted the risk / inefficiency of the current system for the benefit of service delivery.