

### **Audit, Standards and General Purposes Committee**

**Subject:** Internal Audit and Counter Fraud Quarter 1 Progress Report 2024/25

**Date of meeting:** 24<sup>th</sup> September 2024

**Report of:** Corporate Director, Corporate Services

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**Ward(s) affected:** All

#### **For general release**

#### **1. Purpose of the report and policy context**

1.1 The purpose of this report is to provide Members with an update on all internal audit and counter fraud activity completed during quarter 1 (2024/25), including a summary of all key audit findings. The report also includes an update on the performance of the Internal Audit Service during the period.

#### **2. Recommendations**

2.1 That the Committee note the report.

#### **3. Context and background information**

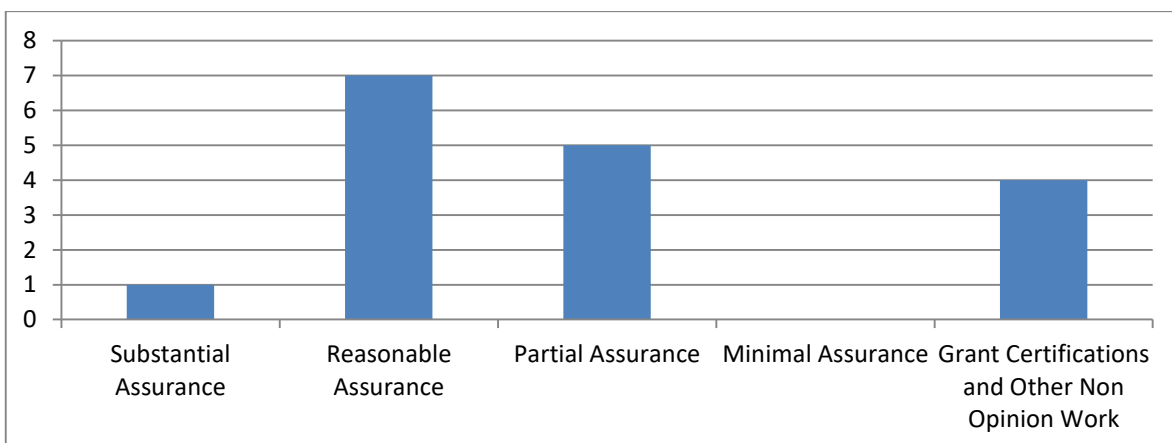
3.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2024/25 which was approved by the Audit and Standards Committee on 16th April 2024.

#### **4. Analysis and consideration of alternative options**

4.1 Full details of both the audit and counter fraud work delivered during quarter 1 are detailed in Appendix 1, together with our progress against our performance targets.

4.2 Most of the assignments included in the quarter 1 progress report are carried forward from the 2023/24 audit plan and were in progress at year end. New audits for 2024/25 have started during quarter 1 but are not yet finalised and will be included in subsequent progress reports.

- 4.3 It is pleasing to report that the four follow up audits completed in this period, where there was previously partial assurance, resulted in an improved audit opinion.
- 4.4 Of particular note is the follow up audit on Service Agreements (residential and non-residential) where all agreed actions had been fully implemented and we were able to give an opinion of substantial assurance.
- 4.5 During quarter 1 there were five partial assurance reports issued. Three of these were referenced in the 2023/24 Internal Audit Annual Opinion report as they had been issued as a draft report at year end. Issues of organisational capacity and limitations of current IT systems were contributing factors in these reviews, something we had previously flagged with the committee. Two of the partial assurance reports relate to school audits. A follow up review will be completed for all partial assurance reports in due course to assess progress in implementing agreed actions.
- 4.6 Following on from the 2023/24 annual audit opinion of Partial Assurance, we continue to take the opportunity to discuss current and emerging audit opinions with senior management, who have clearly recognised the importance of strengthening the control environment and are committed to taking all necessary action to address the issues arising. We will continue to work closely with management to help support the necessary improvement.
- 4.7 The audit opinions finalised in quarter 1 are summarised in the chart below, with one substantial assurance report, seven reasonable assurance reports and five partial assurance reports (two of which were schools). In addition, there were two grant certifications, which have been included under the category “Grant Certifications and Non-Opinion work”. We also issued two reports (Adult Social Care Debt Management and Commissioning of Supported Accommodation) without a formal audit opinion, where we instead provided advice and support to organizational change activities.



## 5. Community engagement and consultation

- 5.1 The quarterly progress report has been informed by internal audit and counter fraud work carried out during the quarter which has included extensive engagement with officers. The report has been discussed with the

Corporate Leadership Team, where there was a discussion about the need to address capacity and systems issues as part of the organisation redesign and transformation work already underway.

## **6. Conclusion**

6.1 The Committee is asked to note the report.

## **7. Financial implications**

7.1 It is expected that the Internal Audit Annual Plan 2024/25 will be delivered within existing budgetary resources. Progress against the plan and action taken in line with agreed actions support the robustness and resilience of the council's practices and procedures which in turn support the council's overall financial position.

Name of finance officer consulted: Haley Woollard

Date consulted: 19/08/24

## **8. Legal implications**

8.1 The Accounts and Audit Regulations 2015 require 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 Audit Standards. Reviewing the work planned and completed by the Council's internal audit function is a key part of the Audit, Standards and General Purposes Committee's delegated functions.

Name of lawyer consulted: Victoria Simpson

Date consulted 2/9/2024

## **9. Equalities implications**

9.1 There are no direct equalities implications.

## **10. Sustainability implications**

10.1 There are no sustainability implications.

## **11. Other Implications**

11.1 There are no other implications.

## **Supporting Documentation**

### **1. Appendices**

1. Internal Audit and Counter Fraud Quarter 1 Progress Report 2024-25

