

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**AUDIT AND GOVERNANCE COMMITTEE
WEDNESDAY, 25 JANUARY 20233**



Title of Report	INTERNAL AUDIT PROGRESS REPORT	
Presented by	Kerry Beavis Audit Manager	
Background Papers	Public Sector Internal Audit Standards Internal Audit Plan 2022/23	Public Report: Yes
Purpose of Report	To inform the Committee of progress against the Internal Audit plan for 2022/23 and to highlight any incidences of significant control failings or weaknesses that have been identified.	
Recommendations	THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT.	

1.0 BACKGROUND

- 1.1. The Public Sector Internal Audit Standards require the Authority's Audit Committee to approve the audit plan and monitor progress against it. The Standards state that the Committee should receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2022/23 Audit Plan on 20 April 2022. The Committee receives quarterly progress reports.

2.0 PROGRESS REPORT

- 2.1 The Internal Audit Progress Report for the period 1 October 2022 to 31 December 2022 (Q3) is attached at Appendix 1.

Policies and other considerations, as appropriate	
Council Priorities:	An effective internal audit service supports all council priorities.
Risks:	There are no specific risks associated with this report however if the Audit and Governance Committee did not receive periodic reports from Internal Audit, there would be a risk of not conforming with the Public Sector Internal Audit Standards.
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INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2022/23 Q3

1. Introduction

1.1. Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2022/23 Internal Audit Plan up to 15 December 2022.

2. Internal Audit Plan Update

2.1. The 2022/23 audit plan continues to progress well with one audit report is at completed and a further six audits in progress. The 2022/23 audit plan is included at Appendix A for information.

2.2. The audits due to take place in Q4 are:

- Anti-social behaviour
- Procurement – this is an addition to the plan, as requested by the S151 Officer
- Payroll (key controls)

3. Internal Audit Recommendations

3.1. Internal Audit monitor and follow up all critical, high and medium priority recommendations. There are currently two overdue audit recommendations, as detailed in Appendix B.

4. Internal Audit Performance Indicators

4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix C. Work on the 2022/23 audit plan is progressing in line with work scheduling.

Appendix A

2022/23 AUDIT PLAN AS AT 31 DECEMBER 2022

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Housing Repairs	Audit	10	13	Postponed						Due to major staffing issues the audit will be postponed until the next financial year.
Housing Planned Maintenance	Audit	10	3	Postponed						A/A
Choice Based Lettings	Audit	8	1	In progress						
Rent Arrears	Audit	7		In progress						Included within the Rent Accounting audit.
Right to Buy	Audit	8	9.5	Completed	Reasonable	-	4	5	2	
Anti-social behaviour	Audit	8		Q3						
Key financial systems	Risk based	26		Q2/3/4						These will be deferred until early 23/24 due to the implementation of the new finance system.
Tax, including IR35	Audit	10	5	In progress						
Covid-19 Related Assurance	As required	10	5	As required						
LAD 1b Green Grant	Certification	-	5.5	Completed		-	-	-	-	Addition to plan
Tenant Association Accounts	Advisory and review		1	In progress						Addition to plan
COMF grant funding	Certification		1.5	Completed		-	-	-	-	Addition to plan
DFG	Certification			Completed		-	-	-	-	
Procurement	Audit	10		Q4						Addition to plan
Rent Accounting	Audit	4	1	In progress						
Payroll	Audit	4		Q4						

Audit Opinion Key

Opinion	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited

Audit Recommendations Key

Level	Definition
Critical	Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences.
High	Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks.
Medium	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Low	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed or potential opportunities for management to improve the operational efficiency and/ or effectiveness of the system.

Appendix B

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31 DECEMBER 2022

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Due Date	1st Follow up comments	Extension Date	Second Follow up comments
2021/22	Fire Safety and Management	2. The draft Housing Assets Fire Safety Policy should be reviewed, finalised and formally adopted as soon as possible.	High	A new Fire Safety policy has been written and has been sent out for final consultation with stakeholders. This will be reviewed by the Interim Head of Housing and then sent for final approval to the Strategic Director.	Housing Assets Team Manager	Jul-22	As agreed with Director	Nov-22	Although it has been confirmed that this policy has been signed off, copies of the policy and confirmation of circulation have yet to be received.
2021/22	Fire Safety and Management	3. The fixed wire testing requirements and arrangements should be clarified and details added to the relevant section of the Housing Assets Fire Safety policy if required.	Medium	A new Electrical Safety policy has been written and has been sent out for final consultation with stakeholders. This will be reviewed by the Interim Head of Housing and then sent for final approval to the Strategic Director.	Housing Assets Team Manager	Jul-22	As agreed with Director	Nov-22	Although it has been confirmed that this policy has been signed off, copies of the policy and confirmation of circulation have yet to be received.

2022/23 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.12.2022	Comments
Achievement of the Internal Audit Plan	33%	One final audit report issued, certification work has been completed and four audits in progress.
Quarterly Progress Reports to Management Team and Audit and Standards Committee	On track	
Follow up testing completed in month agreed in final report	On track	
Annual Opinion Report - July 2021 Audit and Standards Committee Meeting	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on one for 2022/23.
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried out w/c 30 November 2020 which confirmed that the Internal Audit Team conform with the Public Sector Internal Audit Standards.