

<b>Title of Report</b>	<b>INTERNAL AUDIT PROGRESS REPORT</b>	
<b>Presented by</b>	Kerry Beavis Audit Manager	
<b>Background Papers</b>	<a href="#">Public Sector Internal Audit Standards</a>  <a href="#">Internal Audit Plan 2022/23</a>	<b>Public Report:</b> Yes
<b>Purpose of Report</b>	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.	
<b>Recommendations</b>	<b>THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT.</b>	

## 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 January 2023 to 31 March 2023 (Q4) is attached at Appendix 1.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	An effective internal audit service supports all council priorities.
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment and Climate Change:	None.
Consultation/Community Engagement:	None.
Risks:	There are no specific risks associated with this report.
Officer Contact	<p>Kerry Beavis Audit Manager Kerry.beavis@nwleicestershire.gov.uk</p> <p>Elizabeth Warhurst Head of Legal and Support Services <a href="mailto:elizabeth.warhurst@nwleicestershire.gov.uk">elizabeth.warhurst@nwleicestershire.gov.uk</a></p>



# **INTERNAL AUDIT SHARED SERVICE**

**North West Leicestershire District Council**

**Internal Audit Progress Report 2022/23 Q4**

## **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 31 March 2023.

## **2. Internal Audit Plan Update**

- 2.1. The 2022/23 audit plan is included at Appendix A for information and shows the audits in progress. Since the last update report one final report has been issued from the 2022/23 audit plan, IT Health Check, the executive summary for the report is included at Appendix B.
- 2.2. Two audits from the 2022/23 have had to be cancelled due to issues relating to staffing within the area to be audited, and, although work had been done in these areas, it was not possible to substantiate our findings. Further audits have been included in the 2023/24 audit plan.

## **3. Internal Audit Recommendations**

- 3.1. Internal Audit monitor and follow up all critical, high and medium priority recommendations. As at 31 March 2023 there were no overdue recommendations.

## **4. Internal Audit Performance Indicators**

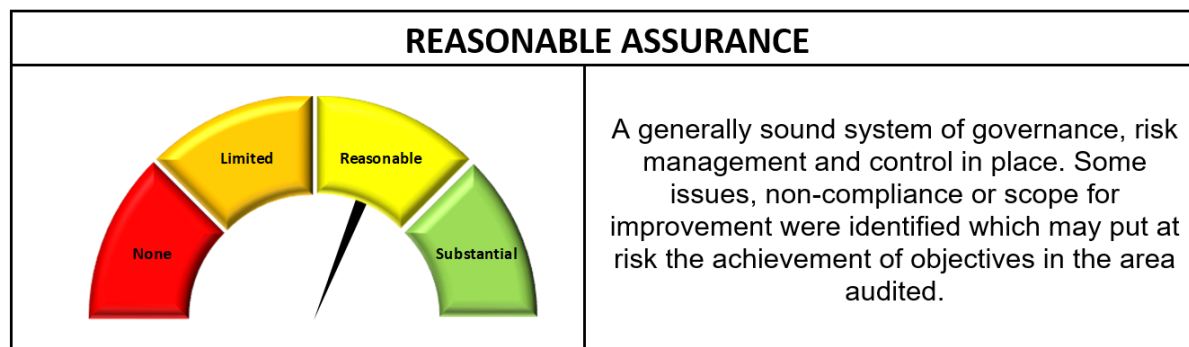
- 4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix C. Work on the 2022/23 audit plan is progressing in line with work scheduling.

## Appendix A

### 2022/23 AUDIT PLAN AS AT 31 MARCH 2023

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Housing Repairs	Audit	10	16	Cancelled						Cancelled due to staffing issues within the housing department and audit being unable to verify the findings gathered to date.
Housing Planned Maintenance	Audit	10	4	Cancelled						Cancelled due to staffing issues within the housing department and audit being unable to verify the findings gathered to date.
Choice Based Lettings	Audit	8	2.5	In progress						
Rent Arrears	Audit	7	6	In progress						Included within Rent Accounting audit.
Right to Buy	Audit	8	9.5	Completed	Reasonable	-	4	5	2	
Anti-social behaviour	Audit	8	0.5	Engagement Planning						
Key financial systems	Risk based	26		Q2/3/4						Deferred until 23/24 due to the implementation of the new finance system.
Tax	Audit	10	8	Drafting report						
Covid-19 Related Assurance	As required	10	6	As required						
LAD 1b Green Grant	Certification	-	5.5	Completed		-	-	-	-	Addition to plan
Tenant Association Accounts	Advisory and review		2	Completed						Addition to plan
COMF grant funding	Certification		1.5	Completed	N/A	-	-	-	-	Addition to plan
DFG	Certification	1	1	Completed	N/A	-	-	-	-	
Procurement	Audit	10	3	In progress						Addition to plan
Rent Accounting	Audit	4	4	In progress						
Payroll	Audit	4	2	In progress						
IT Health Check	Audit			Final	Reasonable	-	3	4	-	

## SUMMARY OF FINAL AUDIT REPORTS ISSUED BETWEEN 1 JANUARY &amp; 31 MARCH 2022

IT HEALTH CHECK**1.1 Key Findings**

Areas of positive assurance identified during the audit:

- Security – Logical / Physical – Overall the approach to security, both logical and physical, was found to be well managed. An issue regarding review of users and access permitted to applications in use was identified – see below.
- Computer virus / threat protection / procedures, adherence to IT Legal requirements, change management and documentation were found to be adequate at a high level.

The main areas identified for improvement are:

- There is a need to ensure formal reviews of application users and access are regularly completed and evidenced.
- The removal of backup tapes off site linked to the DPX process needs review.
- Agreeing and documenting the test restore process for ICT services / applications in operation.
- Reviews of ICT assets and evidencing such reviews.
- Documenting system and performance criteria to be implemented.
- Putting in place contracts / agreements for all third-party access.
- Re-establishing formal testing of business continuity / disaster recovery plan(s)

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Application users and access rights should be formally reviewed at least annually, or more frequently if user access is linked to significant activity e.g. system administrators / high level privileges. Reviews should be evidenced accordingly.	High	As part of IT's 90 days access control review, we will send the list of users who have not logged in for over 90 days to the super users for the various applications for accounts in those applications to reviewed and revoked. We currently do this for the new QL housing system. The IT department catalogue will also be updated to reflect this as a formalised process	ICT Service Support Manager, Ivan Arkinstall	End of June 2023
2. There is a need to review the frequency of backup tapes moved off the premises used for the DPX process.	Medium	Replacement of DPX tape backup with a more modern appliance based backup technology on an on-prem appliance, which then backs up onto the cloud for longer retention periods, reducing the need and use of tapes, ensuring the capture of daily backups and the ability to recover backups from the day before. This has already been budgeted for	ICT Team Manager, Sam Outama	Dec 2023
3. The test restore process should be agreed and documented.	Medium	This has been agreed previously, so we were doing monthly test restores, and created a ticket to document the success of the restores, with screen shots to show the results. However, the process is not documented and needs to be.	ICT Infrastructure Support Analyst, Guy Moores	June 2023
4. The business continuity plan test should be arranged and completed once accommodation changes have been finalised and completed.	High	Agreed – with lots of changes with the buildings, it was not appropriate to perform the BCP test and would be better performed once the building changes have been made and documented using the IT BCP test plan.	ICT Team Manager, Sam Outama	July 2023
5. At least an annual review of IT assets maintained, hardware and software, should be completed and signed off accordingly.	Medium	Agreed	ICT Service Support Manager, Ivan Arkinstall	July 2023
6. Steps should be taken to formalise the approach to capacity and performance management i.e. documenting threshold levels, reviewing these accordingly and the management of major fluctuations.	Medium	Performance monitoring is in place using our monitoring system, but actual thresholds are not documented as this varies between systems. Thresholds are set in our monitoring system and reviewed on a regular basis, when we get an alert from the monitoring system, this is	ICT Infrastructure Support Analyst, Guy Moores	June 2023

		reviewed and adjusted or actioned as appropriate. So, we will document the performance monitoring.		
7. Steps should be taken to ensure all third-party support / access is covered by up-to-date agreements / contracts.	High	3 <sup>rd</sup> party access policy and procedure is in place, but we have not used it for remote access from existing suppliers. We will send out the 3 <sup>rd</sup> party form to all our remote access suppliers and keep the signed copy filed away.	ICT Team Manager, Sam Outama	Aug 2023



## 2022/23 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.03.2023	Comments
Achievement of the Internal Audit Plan	46%	Two audits completed, certification work completed, one audit report being drafted and four 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 2022 Audit and Standards Committee Meeting	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on six for 2021/22 and 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 Council conforms with the Public Sector Internal Audit Standards.