

Cherwell District Council

Accounts Audit and Risk Committee

17 January 2024

Internal Audit Progress Report 2023/24

Report of the Assistant Director of Finance

This report is public.

Purpose of report

The report presents the Internal Audit progress report for 2023/24. Since the last update to the September 2023 meeting of the Accounts, Audit & Risk Committee three audits have now been finalised: Climate, Revenues & Benefits IT Applications, and Business Continuity. The executive summaries from these audits are included within this report.

The implementation status of previously agreed management actions continues to be positive across the organisation, with good rates of implementation and evidence that other actions are being actively progressed.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the progress with the 2023/24 Internal Audit Plan and the outcome of the completed audits.

2.0 Introduction

- 2.1 This report provides an update on the Internal Audit Service, including resources, completed and planned audits.
- 2.2 Each progress report includes the Executive Summaries from the individual Internal Audit reports finalised since the previous update to the committee and also an update on the implementation of agreed management actions.

3.0 Report Details

Resources

- 3.1 A full update on resources was made to the Accounts, Audit & Risk Committee in July 2023 as part of the Internal Audit Strategy and Plan for 2023/24. Since then we have continued with our efforts to try and recruit to our two Senior Auditor vacancies, which has been unsuccessful. We did appoint a temporary Senior Auditor to assist with the completion of quarter 4 activity, however unfortunately they withdrew two weeks before starting. Also during quarter 3 our Auditor resigned and left. At the start of quarter 4 one of the Principal Auditors commences her maternity leave.
- 3.2 We will be able to complete the internal audit plan for 2023/24, however we have provided notice to Cherwell District Council that we will be unable to provide the service after April 2024. Members of the Accounts, Audit & Risk Committee were updated on this position in a verbal update to the November 2023 committee meeting and it was also discussed in the annual private meeting held with the committee members in November 2023.
- 3.3 We will be working closely with the Assistant Director of Finance to ensure a smooth handover to the new provision of both Internal Audit and Counter Fraud Services for 2024/25.

2023/24 Plan Progress

- 3.3 The 2023/24 Internal Audit Plan, which was agreed at the July 2023 Accounts, Audit & Risk Committee, is attached as Appendix 1 to this report. This shows current progress with each audit. The plan and plan progress are reviewed quarterly with senior management.
- 3.4 Since the last update to the July 2023 committee, the audits of Climate, Revenues & Benefits IT Applications, and Business Continuity have been completed. The executive summaries are included within Appendix 3 to this report.

Performance

- 3.5 The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved for 23/24 audits (as at 11/12/23)	Comments
Elapsed time between start of the audit (opening meeting) and exit meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	75%	Performance has been impacted due to the number of vacant posts currently within the team.

			Previously reported year-end figures: 88% 2022/23 67% 2021/22 78% 2020/21
Elapsed time for completion of audit work from exit meeting to issue of draft report.	15 days	100%	Previously reported year-end figures: 71% 2022/23 100% 2021/22 100% 2020/21
Elapsed Time between receipt of management responses to draft report and issue of final report.	10 days	100%	Previously reported year-end figures: 100% 2022/23 56% 2021/22 88% 2020/21

3.6 The other performance indicators are:

- % of 2023/24 planned audit activity completed by 30 April 2024 – reported at year end.
- % of management actions implemented – see paragraphs below.

Implementation of Agreed Management Actions

3.7 Outstanding management actions from 2018/19 and 2019/20 audits were taken over for monitoring from the previous internal audit provider. It should be noted that significant progress has been made by officers to address and implement these with now only 3 actions still open and in progress. These actions now form part of the implementation of the new recruitment and selection module and are planned for completion by the end of quarter 4. These will continue to be reviewed and followed up with senior management.

3.8 All actions for 2020/21 have now been reported as implemented. We agreed a total of 82 actions for the work completed as part of the 2021/22 Internal Audit Plan, 69 of these actions have been implemented and 2 have been superseded. Of the remaining 11 actions, 8 are not yet due for implementation (includes where original implementation date moved), and 3 are now due. We agreed a total of 60 actions for the work completed as part of the 2022/23 internal audit plan, 51 of these actions have been implemented, 5 are not yet due for implementation (includes where original implementation date moved), and 4 have recently become due. For the work completed so far during 2023/24, a total of 29 actions have been agreed. 2 of these actions have been implemented, of the remaining 27 actions, 20 are not yet due for implementation and 7 have recently become due. – these will be continued to be

followed up. The overall implementation rate is currently at 73%. An average implementation rate of 70% and over is considered to be a good implementation rate.

External Assessment of Internal Audit – November 2023

- 3.9 Internal audit within the public sector is governed by the Public Sector Internal Audit Standards (PSIAS). It is a requirement of the standards for each public sector internal audit provision to be subject to an external assessment against those standards every five years. Ours was completed in November 2023 by an assessor from Cipfa (Chartered Institute of Public Finance and Accountancy).
- 3.10 The results of the assessment were very positive, with an overall conclusion that Oxfordshire County Council's Internal Audit Service FULLY CONFORMS to the requirements of the standards. There were no areas of either partial or non-conformance with the standards identified and no recommendations arising. The full report has been included within Appendix 4 of this report.
- 3.11 There were six advisory issues included within the assessor's report, five related to matters of good practice and one was a generic issue relating to the future of the standards. All of these advisory issues are already in progress or are now being considered and will be actioned.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report provides a progress update on delivery of the internal audit plan for 2023/24 and provides an update on the implementation of management actions for the committee to consider. The current plan for 2023/24 is on target for delivery by the end of April 2024.

5.0 Consultation

Not applicable.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: No alternative options have been identified as this report is for information only.

7.0 Implications

Financial and Resource Implications

7.1 Financial and Resource Implications

7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845

michael.furness@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications arising directly from this report.

Comments checked by:

Shiraz Sheikh, Monitoring Officer & Assistant Director Law, Governance and Democratic Services (interim)

shiraz.sheikh@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk management issues arising directly from this report.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader, 01295 221556

Celia.prado-teeling@cherwell-dc.gov.uk

Equalities and Inclusion Implications

7.4 There are no equalities and inclusion implications arising directly from this report.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader, 01295 221556

Celia.prado-teeling@cherwell-dc.gov.uk

Sustainability Implications

7.5 There are no sustainability implications arising directly from this report.

Comments checked by:

Jo Miskin, Climate Action Manager, 01295 221748,

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8.0 Decision Information

Key Decision (N/A)

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

Councillor Adam Nell – Portfolio Holder for Finance.

Document Information

Appendix number and title

- Appendix 1 – Internal Audit Plan 2023/24 – Progress Update
- Appendix 2 – Outstanding Management Actions
- Appendix 3 – Executive Summaries of finalised audits
- Appendix 4 – External Assessment of Internal Audit against Public Sector Internal Audit Standards

Background papers

None

Report Author and contact details

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