

REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 8TH MARCH 2023

Report of: **AUDIT MANAGERS**

Title: **INTERNAL AUDIT PROGRESS REPORT 3RD QUARTER 1st OCTOBER TO 31st DECEMBER 2022**

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 To report on internal audit work carried out during the period 1st October to 31st December 2022, to advise on overall progress against the Audit Plan and to report any emerging issues requiring consideration.

2. Recommendations:

2.1 That the Internal Audit Progress Report for the third quarter of the year 2022/23 be noted.

3. Reasons for the recommendation:

3.1 One of the roles of this committee is to review quarterly internal audit reports and the main issues arising and seek assurance from management that action has been taken, where necessary.

4. What are the resource implications including non financial resources

None

5. Section 151 Officer comments:

There are no areas of concern to bring to members attention in the work undertaken this quarter.

6. What are the legal aspects?

The requirement for an internal audit function is implied by section 151 of the Local government Act 1972 and as set out in the Accounts and Audit (England) Regulations 2015. Members will note further details on the Council's internal audit function is set out in Exeter City Council's Internal Audit charter.

7. Monitoring Officer's comments:

Members will be reassured by the content of this report which indicates that '...agreed actions from previous audit reports are being progressed satisfactorily and that there are

no instances where remedial action was not agreed by management during this quarter' and that progress against the annual audit plan is on target.

Members will note the action plan at appendix B which has been put in place. Audit and governance will play an essential role in monitoring progress on this action plan.

Simon Copper – Deputy Monitoring Officer.

8. Report details:

- 8.1 This Committee is responsible for the implementation and active monitoring of audit processes and actions, which includes performance against the annual audit plan, reviewing quarterly internal audit progress reports and seeking responses and assurance from management where remedial action has not been agreed or implemented within a reasonable timescale. The 2022/23 Audit Plan was approved at this Committee on 9th March 2022.
- 8.2 The purpose of internal audit is to provide an independent, objective assurance and consulting service designed to add value and improve the Council's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The internal audit Service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. Each of the activities we audit are given an assurance rating as follows:

Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met
Satisfactory Assurance	Whilst there is a basically sound system of internal control there are weaknesses which put some of the objectives at risk or there is evidence that the level of non-compliance with some of the controls may put some of the objectives at risk
Limited Assurance	Weaknesses in the system of internal controls are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No assurance	Control is generally weak leaving the system open to error or abuse or significant non-compliance with basic control processes leaves the processes/systems open to error or abuse

8.3 Work Undertaken

Internal Audit's objective is to examine the Council's financial and non-financial systems to check that there are adequate internal controls in place to prevent loss due to frauds, errors and inefficiency, and due attention is paid to corporate governance and risk management.

- 8.4 A summary of progress against the annual audit plan to date is shown at Appendix A, together with the current status of each area for review and the outcomes of the review, where completed.
- 8.5 We are pleased to report that agreed actions from previous audit reports are being progressed satisfactorily and that there are no instances where remedial action was not agreed by management during this quarter.

Progress against the annual audit plan is on target.

8.6 Progress report on 'high' risk issues and remedial action agreed

Progress of the high risk issues identified during the second quarter of 2022-23:

Sundry Debtors

Issue identified	Remedial Action agreed	Target Date	Notes on progress
<p>Allotments</p> <p>182 anomalies were identified relating to the collection of income from allotments, where plots are shown as live but invoices have either not been raised or not raised for some time.</p>	<p>The Commercial Services Support Manager is currently investigating the anomalies. All actions/updates arising from this are being recorded and will be actioned i.e. invoices raised, spreadsheet updated, ASH periodic customer accounts corrected, by the team</p>	<p>Oct 2022</p>	<p>The Allotment cases are being worked on, but due to time/resource constraints it is still a 'work in progress'. As at Jan 23 approximately a third of the cases identified are being investigated or have been resolved. Internal Audit will continue to monitor.</p>
<p>Visit Exeter</p> <p>Income relating to Visit Exeter membership fees, business support, screen adverts etc. is collected via sundry debtor invoices. A review of the Visit Exeter database and the sundry debtors system identified 3 instances where the database recorded that invoices had been raised but there was no evidence of the invoice in the sundry debtors system.</p>	<p>Relevant invoices have now been raised.</p> <p>Consideration is being given to raising membership invoices via the periodic system to ensure they are always raised annually.</p>	<p>March 2023</p>	<p>No further action required.</p> <p>To follow-up next year.</p>

During the third quarter of 2022-23 no high risk findings were identified.

8.7 Governance Issues

The Council's annual governance statement (AGS) includes some significant Governance issues and an action plan has been compiled which will be subject to regular monitoring by the Audit and Governance Committee.

The action plan of the issues identified has been included in Appendix B.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 Good governance contributes to the Council's purpose of a "Well Run Council".

10. What risks are there and how can they be reduced?

N/A

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because:

11.4.1 The report is for information only

12. Carbon Footprint (Environmental) Implications:

No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

N/A

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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