

Exeter City Council

Report of Internal Audit Activity

Progress Report – Quarter 1

Year Ended 31 March 2025

Internal Audit Update – Quarter 1 2024/25 update ‘At a Glance’

The Headlines

	<p>2023/24 Internal Audit Plan Plan substantially complete:</p> <ul style="list-style-type: none"> • 1 Final Report • 2 Draft Report
	<p>2024/25 Progress to date Reasonable start made to the year:</p> <ul style="list-style-type: none"> • 6 reviews in progress
	<p>High corporate risks None reported in the period.</p>
	<p>Plan Changes</p> <ul style="list-style-type: none"> • The new SMB are reviewing the plan to ensure that it continues to focus on the highest risk areas • One audit has been added to the plan at the request of the Strategic Director • Two audits have been deferred to 2025/26 at the request of SMB. Replacement audits will be agreed as part of SMB’s review of the plan
	<p>Range of innovations and enhancements made to our internal audit process throughout the year It has been agreed that SWAP will set up a monitoring system for actions agreed within audit reports. Once established it will allow managers to view and update their agreed audit actions. Monitoring reports will enable management and members to review progress being made.</p>

Internal Audit Assurance Opinions 2024/25

	Sept	YTD
Substantial	0	0
Reasonable	0	0
Limited		
No Assurance	0	0
Total	0	0

Internal Audit Agreed Actions 2024/25

	Sept	YTD
Priority 1	0	0
Priority 2	0	0
Priority 3	0	0
Total	0	0

Summary

As part of our rolling plan reports, we will detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

The contacts at SWAP in connection with this report are:

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Summary

Introduction

This 2024/25 progress report allows monitoring against the 2024/25 plan, agreed by this Committee in March 2024. The plan remains flexible and the newly formed SMB are currently reviewing it to ensure the plan remains reflective of current risks and priorities. To date one audit has been added and two reviews have been deferred to 2025/26. The schedule provided at **Appendix D** details progress made against the plan, including these changes.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed at **Appendix A** of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘limited Assurance Opinion’ is given as part of this report in **Appendix B**.

A follow-up review is performed in respect of all limited assurance opinion audits. This is important to provide evidence that recommendations have been implemented to reduce areas of risk identified. No follow-up reviews were completed in the period.

In circumstances where findings have been identified which are considered to represent high corporate risks to the Council, due to their importance, these issues are separately summarised. No significant corporate risks were reported in the period.

Internal Audit Plan Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



SWAP audit plan coverage across strategic risks

The table below provides a summary of how our completed audits and work in progress to date this year provides assurance over key strategic risks areas in the Internal Audit Plan. As the year builds and more work is completed, coverage across the key risk areas will increase. ‘Reasonable’ coverage reflects delivery of planned assurance levels.

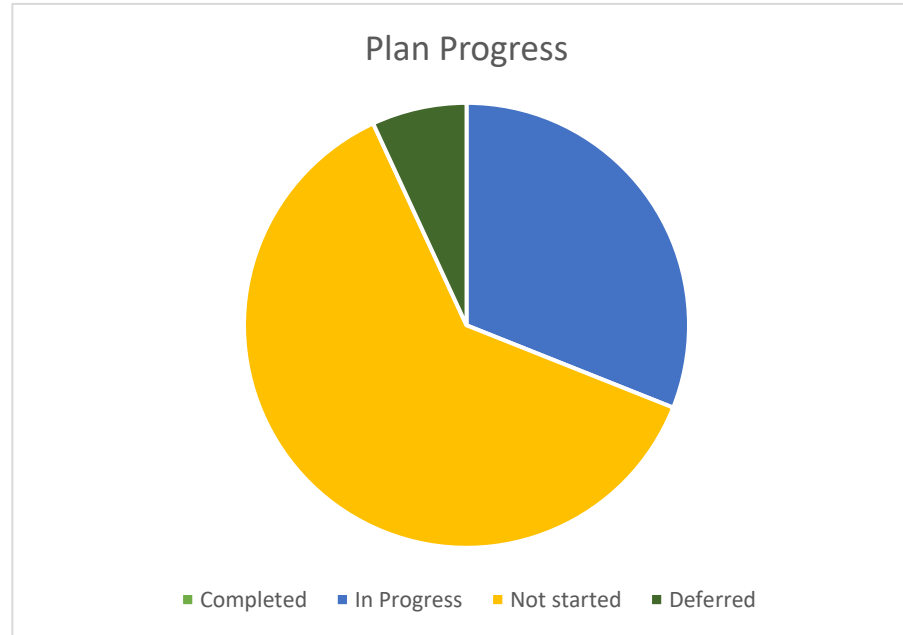
Table Key		Reasonable internal audit coverage 2023-24	Partial internal audit coverage 2023-24	No internal audit coverage 2023-24
No	Strategic Risk	Risk Score	Coverage	
1	Delivering the key challenges in the Net Zero Carbon City section of the Corporate Plan	High	Climate change/net Zero	
2	Making progress towards a Healthy and Active City	Medium		
3	Adapting the council workforce to ensure appropriate skills and experience (future proof workforce)	Medium	People Management deferred to allow time for actions to be implemented following CIPFA review	
4	Maintaining the Financial Stability of the Council	Medium	Creditors, Housing Benefits Subsidy, Sundry Debtors, Council Tax arrears, payroll	
5	Maintaining the Council’s Property and Infrastructure Assets	High	Corporate Property Assets, Disabled Facilities Grant	
6	Delivering Housing and Building Great Neighbourhoods and Communities	High	CIL,S106, Housing audits	
7	Maintaining a thriving Culture & Heritage Sector	Low		
8	Delivering against the key challenges in the ‘Prosperous Local Economy’ section of the Corporate Plan	Medium		
9	Progressing the design and delivery of a corporate Customer and Digital Strategy	Medium	Covered by Strata	

Internal Audit Plan Update

We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.



Progress Year to Date



31% of the plan is now in progress. Some time was needed initially to familiarise the staff transferred from Exeter to SWAP’s audit system and associated processes. Reasonable process in progressing the plan is now being made and we are on target to deliver the programme of audits agreed.

Assurance Definitions	
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.
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
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.
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.

Definition of Corporate Risks	
Risks	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Agreed Actions	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

2. Sundry Debtors Audit Report Executive Summary

Audit Objective

The objective of this audit was to review the adequacy and effectiveness of the system of internal controls designed to manage and mitigate financial and non-financial risks relating to the raising of sundry debtor invoices

Assurance Opinion

Limited

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. The two high risk findings in this report relate to raising invoices within allotments and staff parking. Other service areas included in this review included the Corn Exchange, RAMM, Licensing, EBAC, Homecall, Service ground rents and waterways.

Number of actions

Priority	Number
High	2
Medium	5
Low/Advisory	5
Total	12

Audit Approach and Scope

The ASH debtor system was reviewed to ascertain which service areas raise invoices and for what purpose. For the periodic invoices, the majority of service areas maintain a database of their customers. In such instances a 100% check of their database against the invoices raised was undertaken. Where not, sample testing was undertaken as was the case with the interface and ad hoc invoices.

Transactions used were from April 2023 onwards.

The scope of the audit is listed in the key controls below.

Key controls tested	Assessment	Actions Raised
Periodic invoices		
• New customers are set up accurately	Yellow	Not all areas check that the accounts have been accurately set up
• Invoices are being raised	Red	Periodic accounts are not always being set up to collect the amounts due to the council in some service areas
• Checks are in place when fees alter	Yellow	Not all areas check or evidence that the ASH parameters have been accurately altered
Interface invoices		
• Invoices are being raised	Yellow	Data is not always interfacing/interfacing accurately to ASH in order to raise invoices
Ad hoc invoices		
• Invoices are being raised	Red	Inadequate procedures are in place to ensure invoices are raised in some service areas

Summary and next steps

Whilst in the majority of cases, invoices are being raised accurately and on time, there are some situations where customers are not being invoiced for the service they are receiving, or the invoices are not being raised promptly. In this current climate of financial difficulties, it is essential that invoices are raised so that the council can maximise its income.

This is a final report of the audit findings and incorporates the remedial action agreed with the various Service Leads, System Leads or Team Managers.

No follow-up audits were completed in the period.

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
2023/24							
Governance	Sundry Debtors	Final	Limited	9	2	2	5
Governance	Corporate Governance	Draft					
Finance	Health & Safety Training	Draft					
2024/25							
In progress							
Governance	Creditors	In progress					
Governance	Corporate Property Assets	In progress					
Operational	Waterways	In progress					
Grant	Disabled Facilities Grant	In progress					
Operational	CIL	In progress					
Financial	Housing Benefits	In progress					
Advisory	Income Management	Ongoing	Support for new system				
Advisory	Introduction of Action Plan tracking to enable monitoring the implementation of agreed actions	Ongoing	Request from SMB				
Advisory	NFI	Ongoing	Initial support for this data matching exercise				
Not Started							
Financial	Council Tax Arrears	Not Started	Scope agreed – audit scheduled for November				

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Financial	Payroll	Not Started					
Financial	Sundry Debtors	Not Started					
Governance	Procurement	Not Started					
Governance	Contract Management	Not Started					
Governance	Communications - Social Media	Not Started					
Governance	Health and Safety	Not Started					
Governance	Net Zero/Climate Change	Not Started					
Operational	Housing (Rents/Assets/Needs)	Not Started					
Operational	Housing (Rents/Assets/Needs)	Not Started					
Operational	NEW S106	Not Started	Request from Strategic Director				
Fraud	Fraud Baseline Assessment	Not Started					
Follow-up	Trade Waste Income	Not Started					
Follow-up	Corporate Credit Card	Not Started					
Follow-up	VAT	Not Started					
Follow-up	Taxi Licensing	Not Started					
Follow-up	Sundry Debtors	Not Started					

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Advisory	Main Accounting	Not Started	Support for new system				
Deferred							
Governance	People Management	Deferred	Request from SMB to defer audit, replacement to be agreed				
Governance	Risk Management	Deferred	Request from SMB to defer audit, replacement to be agreed				