



AUDIT & GOVERNANCE COMMITTEE

Monday, 11 December 2023

Subject	Internal Audit Plan 2023/24 Progress Report
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money Councillor Tim Wilson Assistant Cabinet Member for Resources and Value for Money
Report Author and Head of Service	Siobhan Martin Head of Internal Audit siobhan.martin@eastsoffolk.gov.uk 01394 444254
Chief Executive	Chris Bally Chief Executive chris.bally@eastsoffolk.gov.uk 01502 523210

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	N/A
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

This report presents progress and updates to the Internal Audit Plan 2023/24 for East Suffolk Council

Options:

The Audit and Governance Committee has already approved the annual Internal Audit Plan 2023/24. This report is to enable the Committee to monitor progress against the approved plan.

There are no alternative recommendations. It is a function of the Committee to oversee the council's internal audit arrangements.

Recommendation/s:

That having commented upon the progress and updates made to the Internal Audit Plan 2023/24, the Committee endorses its contents.

Corporate Impact Assessment

Governance:

Internal Audit reports, advice and recommendations all aim to create and foster a robust corporate governance foundation to support sustainable services for all stakeholders. As a consequence, the Internal Audit Service aims to mitigate the risk of losses arising from error, irregularity and fraud. In addition, efficiency, effectiveness and economy reviews form part of the work undertaken, and this represents a fundamental function in delivering the council's corporate governance responsibilities.

ESC policies and strategies that directly apply to the proposal:

The Audit and Governance Committee is directly responsible for supporting good governance arrangements and practices at East Suffolk Council, which underpin the council's entire strategic and operational workings including the East Suffolk Strategic Plan. The Internal Audit Plan of work provides independent, fact-based evidence to senior management and the Audit and Governance Committee on the actual effectiveness of council activities which support the East Suffolk Strategic Plan.

The implications and benefits of agreed recommendations produced by the Internal Audit Service contribute to the council's overall objectives by improving controls and processes, which contribute towards efficient and effective management of services.

Environmental:

There are no direct environmental implications to this report.

Equalities and Diversity:

This report does not require an Equality Impact Assessment.

Financial:

There are no direct financial implications to this report.

Human Resources:

There are no direct human resources implications to this report.

ICT:

There are no direct ICT implications to this report.

Legal:

The Accounts and Audit Regulations 2015 require a relevant authority to ‘...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’.

Local government public sector internal auditing standards require “risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”

Risk:

The annual Internal Audit Plan 2023/24 provides the Committee and Management with assurance over risk management as part of each individual audit assignment.

External Consultees:

No external parties were consulted in the preparation of this report.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
T04	Delivering Digital Transformation		

P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
How does this proposal support the priorities selected?			
Internal Audit supports a robust corporate governance framework. The work of the Internal Audit Service as set out the Internal Audit Plan provides assurance on East Suffolk Council's governance, risk management and internal controls.			

Background and Justification for Recommendation

1 Background facts	
1.1	This report is being presented to the Audit & Governance Committee in accordance with the Committee's terms of reference which stipulate that the Committee is to 'approve, (but not direct) internal audit's work plan' as well as 'to promote the value of the audit process'.
1.2	The Audit and Governance Committee is responsible for overseeing the application of audit resources and monitoring performance of the audit function.
1.3	Internal Audit Services acts in accordance with the Accounts and Audit Regulations (2015) and aims to follow the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (2013). This report has been prepared in accordance with our Audit Charter.
1.4	The work of the Internal Audit Service is to provide independent assurance and report upon the effective and efficient application of internal controls, governance arrangements and risk management at the council. All Internal Audit reports underpin the Head of Internal Audit's Annual Audit Opinion and form part of the crucial evidence to enable the Chief Executive and Leader of the Council to sign the Annual Governance Statement (the obligatory statement along with the Annual Accounts.) External Audit may also consider Internal Audit work to ensure that system controls are adequate and effective.
2 Current position	
2.1	East Suffolk Council's approach to risk-based planning was updated for the 2023/24 year to emphasise ongoing risk reviews to identify internal audit assignments and balance these against the resources available.

2.2	This report is to provide the Committee with details of Internal Audit activity over the period April-November 2023, and Internal Audit commitments for the remainder of the 2023/24 year.
2.3	In addition to the Internal Audit plan activity relating to specific audit assignments, Internal Audit also has a programme to follow-up progress by Management in completing audit actions, as well as supporting the council's wider governance, risk and control activities.
2.4	<p>The Audit and Governance Committee approved a new approach to developing the Internal Audit Plan 2023/24 in March 2023.</p> <p>The approved Internal Audit Plan 2023/24 includes core "Essential" audits, but allows the remainder of the audit plan to be developed flexibility throughout the year according to risk and assurance needs. The current Internal Audit Plan presented in this report has been developed following quarterly risk reviews within the internal audit team, as well as input from Heads of Service in September 2023.</p>
2.5	Where specific circumstances make it appropriate, for example if risks reduce or service priorities mean the timing of an internal audit would disrupt delivery of key objectives, the Head of Internal Audit may agree for an audit to be deferred and not undertaken in the current year. Any deferrals are kept under review in the quarterly risk reviews to be reassessed and ensure assurance needs will be met in current and future financial years.
2.6	<p>Staff resources</p> <p>Internal Audit is currently operating with a reduction in resources due to a member of staff leaving the organisation in 2023/24, long-term sickness absence, and difficulties in recruiting a senior post. The revised risk-based internal audit approach approved by the Audit and Governance Committee has meant that the Internal Audit team has been able to manage vacancies and match the reduced capacity to continue to deliver a risk-based Internal Audit Plan.</p> <p>IT auditing is provided as part of the SLA Partnership between Ipswich Borough Council and East Suffolk Council. The role of IT Auditor has been vacant since April 2020 due to unsuccessful recruitment.</p> <p>Short-term solutions have been introduced, including the engagement of two specialist internal audit consultants during 2023/24.</p>

Internal Audit Plan 2023/24 (Service Area Assurance and Consultancy Activity) – Progress and Activity November 2023

Service Area	Audit	Activity Type	Status	Opinion	Comments
Corporate, Governance and Cross-Cutting	Payroll Key Controls	Assurance	In Progress		Essential assurance need
	Contract Waivers	Assurance	Pending		
	Declarations of Interest, Gifts, and Hospitality	Assurance	In Progress		
	LATCo Governance	Assurance	In Progress		Essential assurance need
Economic Development and Regeneration	<i>Towns Fund Governance 2022/23*</i>	Assurance	Completed	Reasonable	<i>Carried forward from 2022/23</i>
	Flood Recovery Framework Support	Consultancy	In Progress		To support development of the scheme and pre-payment checking
	Freeport East Governance	Assurance	Pending		
	Freeport East Grant Support	Consultancy	Pending		To support development of the scheme and pre-payment checking
	Towns Fund Projects	Assurance	Pending		Essential assurance need
	Changing Places Fund Certification	Assurance	Completed	Effective	
Environmental Services and Port Health	<i>Port Health Fee Setting and Budget Control 2022/23*</i>	Assurance	Completed	Limited	<i>Carried forward from 2022/23</i>
	Neoma Project due diligence	Consultancy	In Progress		Essential assurance need; due diligence at project board meetings
Financial Services	Capital Accounting Follow up	Assurance	Completed	Effective	Essential assurance need
	Write Offs	Assurance	In Progress		
	Energy Bills Support Council Tax Rebate relating to 2022/23	Assurance	In Progress		
	ESC COMF relating to 2022/23 (31/5518)	Assurance	Completed	Effective	
	SCC Covid-19 Grant Funding Certification relating to 2022/23	Assurance	Completed	Effective	
	FMS Upgrade - Main Accounting Controls	Assurance	Pending		Essential assurance need
	FMS Upgrade - Accounts Payable	Assurance	Pending		Essential assurance need
	FMS Upgrade - Accounts Receivable	Assurance	Pending		Essential assurance need

Service Area	Audit	Activity Type	Status	Opinion	Comments
Financial Services (Revenues and Benefits)	Business Rates (NNDR)	Assurance	Pending		Essential assurance need
	ARP Enforcement Agents (Bailiffs)	Assurance	Pending		This audit will be complete in 2023/24 to assist another partner Authority and ensure all ARP partners receive assurance in this area.
Housing	<i>Housing Compliance (Gas, Electrical etc.) 2022/23*</i>	Assurance	Reporting		<i>Carried forward from 2022/23</i>
	Disabled Facilities Grant Certification	Assurance	Reporting		Essential assurance need
	Refunding Housing Rents and Service Charges Support	Consultancy	In Progress		To support development of the scheme
	HRA CORE Reporting	Assurance	Pending		This audit is currently on hold due to service area capacity and may be deferred if it cannot be scheduled in Q4.
	HRA Housing Rents Follow up	Assurance	Pending		Essential assurance need
Legal and Democratic Services	<i>Taxi Licensing 2022/23*</i>	Assurance	Completed	Reasonable	<i>Carried forward from 2022/23</i>
Planning and Coastal Management	Coastal Partnership East Contracts Review	Assurance	In Progress		
	Planning Enforcement Follow up	Assurance	Deferred		Essential assurance need. This audit will be rescheduled to 2024/25 to align with revised project timescales.

* Four audits originally in the 2022/23 Internal Audit Plan were being finalised at the point the 2022/23 Head of Internal Audit Opinion was required. As reported to Committee in the 2022/23 Internal Audit Annual Opinion Report these will contribute to the 2023/24 annual audit opinion.

Glossary				
Pending	In Progress	Reporting	Completed	Deferred
These audits are the audit commitments currently identified for November 2023 – March 2024. The risk review scheduled for Q4 2023/24 may identify additional audit requirements.	These audits have been agreed with the relevant service area and are being tested.	Testing has been completed for these audits and is under review with the service area prior to finalising the report.	These audits were identified as assurance needs in 2023/24 and have been completed.	Following consultation with the relevant service area and risk review these audits have been deferred and will be considered and risk reassessed for the 2024/25 Internal Audit Plan.

3 How to address current situation

3.1	The updated Internal Audit Plan 2023/24 will provide sufficient assurance for the Head of Internal Audit to provide an Annual Audit Opinion, which is a key requirement for local government public sector internal auditing standards and the council's Constitution. This will also support the council's Annual Governance Statement for 2023/24.
3.2	Recruitment of internal auditors with the necessary skills, knowledge and experience in local government auditing remains a challenge locally and further afield. The Head of Internal Audit intends to review medium and long-term solutions in Quarter 4 2023/24.

4 Reason/s for recommendation

4.1	To support East Suffolk Council's overall governance arrangements and to ensure that the Audit and Governance Committee fulfils its terms of reference by reviewing the updates to the risk based Internal Audit Plan 2023/24.
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Appendices

Appendices:

None

Background reference papers:

None