

Internal Audit Progress Report



**South Kesteven
District Council
15 March 2023**

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Internal Audit Report issued:
Programme Management
Housing Void Management
Health & Safety

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The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Introduction

The purpose of this report is to:

- Provide details of the audit work during the period 1 December 2022 to 28 February 2023
- Advise on progress of the 2022/23 plan
- Raise any other matters that may be relevant to the Governance & Audit Committee role

Key Messages

Assurances

Since our last update report presented to the Governance & Audit Committee in December 2022, we have completed the following audits:-

Audit	Audit Type	Assurance Level
Programme Management	Consultancy	Not Applicable
Housing Void Management	Assurance	Substantial – control design & framework Limited – operation / implementation of controls & framework
Health & Safety	Assurance	Substantial

A copy of the Internal Audit Reports with the agreed action plans are attached to this report.

Progress and Delivery

All remaining audits are scheduled for completion by the end of March 2023. Our key focus over the next month include:

- Key Control Testing – Debtors, Creditors and Capital Monitoring – fieldwork stage
- Combined Assurance – fieldwork stage

A complete schedule of planned audits is included as **Appendix 2**.

0
HIGH
ASSURANCE

2
(spit opinion)
SUBSTANTIAL
ASSURANCE

1
(spit opinion)
LIMITED
ASSURANCE

0
LOW
ASSURANCE

1
CONSULTANCY

Introduction & Key Messages

Implementation of agreed actions

The Council uses 4action to record and track internal audit recommendations. Follow up of implementation as at 31 March 2023 will be undertaken to help inform the Internal Audit Annual Report. Thereafter, tracking of implementation of agreed management actions will be undertaken on a quarterly basis and reported within our Internal Audit progress reports.

In addition to tracking implementation of agreed management actions during the year we will undertake a follow up audit to evidence that all actions have been satisfactorily implemented where we have issued a Limited or Low assurance opinion.

Other relevant matters: Assurance Lincolnshire Update

As you are aware, Lucy Pledge will be leaving Lincolnshire County Council on the 30 March 2023. She will be retiring from a Head of Audit and Risk Management role having helped to build the Assurance Lincolnshire partnership into the success it is today.

Following a successful recruitment process, we are delighted to advise that Claire Goodenough has been appointed as a new Head of Audit and Risk Management at the County Council – heading up the Assurance Lincolnshire Partnership. Claire has a good background of working within the public sector at a senior level and with the Institute of Internal Audit. She joined the team on 23 January 2023, to enable a detailed handover, which will incorporate meeting with our clients over the coming months.

We hope you will all join us in welcoming Claire as she begins her Assurance Lincolnshire journey taking the audit service forward.

Quality Assurance

As part of our quality assurance process, we receive feedback from clients to help support continuous improvement. Whilst we are on track to deliver the plan, reflecting on the first year of service we acknowledge that some areas of the audit process can be improved, namely:

- Keeping in touch during the audit
- Communicating results – better debrief and clearance of reports
- Contemporary reporting

Our quality assurance improvement plan will be shared and monitored as part of regular liaison meetings. The Head of Internal Audit will oversee this plan.

High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and/or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Low

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating
Good Governance Phase 1 and Decision making	To provide assurance that the Council has a robust Governance Framework in place that aligns to best practice (CIPFA / SOLACE 'Delivering good Governance in local government' – issued 2016. Benchmarking against the 7 good governance principles and the principles and the Governance Risk Resilience Framework – issued by the Centre for Governance & Scrutiny – issued 2021.	22/06/22	22/06/22	08/09/22	Substantial Assurance
Risk Management	To review the effectiveness of the risk management arrangements including: <ul style="list-style-type: none"> • Leadership & Management • Strategy and Policy • People – Risk Culture • Processes • Risk Handling & Assurance • Outcomes & Delivery • Using risk maturity model 	04/07/22	04/07/22	08/08/22	Substantial Assurance
Cyber Security	The National Cyber Security Centre (NCSC) has identified 10 steps for cyber security to help organisations manage cyber risks. The review will cover these 10 steps with a view to confirming that appropriate consideration has been given to these areas.	31/08/22	31/08/22	14/11/22	Substantial Assurance
Health and Safety	To review the effectiveness of the Council's health and safety arrangements including: <ul style="list-style-type: none"> • Governance & Oversight • Compliance • Processes • Risk Assessment and Assurance • Reporting and monitoring • Measuring performance 	19/09/22	09/11/22	03/03/23	Substantial Assurance
Housing Void Management	Review of the governance and procedures in place to monitor, manage and report housing voids	10/10/22	11/10/22	19/01/23	Substantial / Limited Assurance

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating
Programme Management	Review of the programme and project management procedures in place to provide management with assurance that a robust and consistent approach is being followed. This will be an advisory review.	05/09/22	05/09/22	14/12/22	Consultancy
Housing Income Management	Review of the governance and procedures in place to monitor, manage and report housing income.	To be re-assessed as part of developing 2023/24 plan.			
HRA Building Programme	Assurance over the Housing Revenue Account building programme processes and procedures.	To be re-assessed as part of developing 2023/24 plan.			
Key Control Testing	Delivery of key control testing to enable Head of Internal Audit to form an opinion on the Council's financial control environment. Terms of Reference which include scope and focus on key risks determined with the appropriate senior manager.	05/12/22	30/01/23		Fieldwork
Follow Ups	To provide management with assurance that actions from previous key audits have been implemented and this has led to improved outcomes.	01/02/23			Tracked with mgt quarterly – follow up low / limited assurance opinion / high priority actions.
Combined Assurance	Working with management, coordination of the levels of assurance across the Council's critical activities, key risks, projects and partnerships. To produce a Combined Assurance report in March/April 2023.	14/12/22	23/02/23		Fieldwork