



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

26 September 2023

Report of the Leader of the Council

Response to Internal Audit Progress Report – September 2023

Report Author

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Purpose of Report

This report has been prepared to respond to the Internal Audit Progress Report – September 2023 that is scheduled to be presented to Governance and Audit Committee.

Recommendations

- 1. Governance and Audit Committee is asked to note the contents of this report in conjunction with the Internal Audit Progress Report – September 2023**

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

High performing Council

Which wards are impacted?

All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 There are no specific financial comments arising from this report.

Completed by: Alison Hall-Wright, Assistant Director of Finance

Legal and Governance

- 1.1 As set out in Article 9 of Part 2 of the Constitution, one of the functions of the Governance and Audit Committee is to review internal progress reports by Internal Audit. The Governance and Audit Committee is therefore invited to consider and note the content of the report by the Head of Internal Audit, attached separately as part of this agenda item.
- 1.2 Additionally, the Committee is invited to consider the content of this report which sets out responses on behalf of the Council's senior management to the Head of Internal Audit's report.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

Risk and Mitigation

- 1.2 Inaccurate reports can damage the Council's reputation therefore it is important that the Council responds to those inaccuracies.

Completed by: Tracey Elliott, Governance and Risk Officer

2. Background to the Report

- 2.1 Internal audit is required to provide progress reports throughout the year to Governance and Audit Committee.
- 2.2 The Council would like to respond to inaccuracies within the Internal Audit Progress Report – September 2023 as the report was presented to the Council as a final report without an opportunity to provide feedback on a draft version. These are captured below under the headings from Assurance Lincolnshire's report including the page number.

2.3 Performance Dashboard (page 5 of Progress Report)

No internal audits from the 2023/24 plan have been undertaken therefore it is unclear what the '22% Complete' refers to. The whistleblowing audit was undertaken outside of the agreed internal audit plan. Assurance Lincolnshire have advised that they have undertaken around 20 days work (£7,000) excluding the whistleblowing audit (£3,500). A full breakdown of the proposed charge has been requested from Assurance Lincolnshire.

2.4 Audit Feedback (page 5 of Progress Report)

Referencing 2022/23 Audit Feedback is not relevant to this Progress Report which should reflect the work undertaken in 2023/24.

As referenced within the report, Assurance Lincolnshire expect all clients to provide feedback by completing a questionnaire. Whilst this is not mandatory, the Council was aware that this may not have been happening and asked all auditees to complete the questionnaire so a summary could be shared with Assurance Lincolnshire at a meeting on 28 February 2023. Following the meeting, the summary was emailed to the Head of Internal Audit. One auditee had already returned the questionnaire on 16 February 2023, therefore the table in the report is inaccurate.

There was no request for the individual questionnaires to be forwarded and no response was received in relation to the feedback provided, which can be seen in the table below:

	A. Audit planning		B. Audit report			C. Communication			Summary of feedback
	Consultation	Fulfilment	Quality	Accuracy	Value	Feedback	Helpfulness	Promptness	
Good Governance	Yellow	Red	Red	Red	Yellow	Yellow	Green	Red	Too much focus on factors considered irrelevant or insignificant. Significant re-draft of report required
Risk Management	Green	Yellow	Yellow	Yellow	Yellow	Green	Green	Yellow	
ICT Cyber Security	Green	Green	Green	Green	Yellow	Green	Green	Green	Cyber Treatment Plan was already being implemented so the audit did not add value. "Good" score reflects the proficiency of the auditor
Programme Management	Green	Yellow	Red	Yellow	Yellow	Yellow	Green	Red	Poor selection of sample and poor report

Housing Void Management	Green	Yellow	Red	Yellow	Red	Red	Yellow	Red	Confusion re outcomes; targeted sample as opposed to a true sample; poor communication
Health and Safety	Light Green	Light Green	Red	Red	Red	Red	Light Green	Red	Draft report did not reflect evidence/discussions

Excellent	Good	Adequate	Poor
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2.5 Update on Internal Audit Activity (page 6 of Progress Report)

Follow up

To undertake a follow up audit, Assurance Lincolnshire sent out a spreadsheet for outstanding actions to action owners. They rely on officers providing action updates which are then collated and reported upon. No sample testing or evidence is requested to support those updates and there is no engagement with action owners to ascertain action updates where there are queries. Unfortunately, as the follow-up request for clarification did not go to the action owners themselves the deadline was missed.

In respect of the recommendations agreed with the previous internal audit provider, Assurance Lincolnshire were provided with a document (supplied by the previous internal auditors) detailing all outstanding actions on 20 June 2022. They were provided access to the Council's tracking system on 22 July 2022 – the Governance and Risk Officer spent a day with the Principal Auditor in the office, to show them the tracking system, and provided an export of the actions on the same day.

The legacy internal audit actions were then encompassed within Assurance Lincolnshire's own tracking system ie a spreadsheet. Assurance Lincolnshire have therefore had oversight of those actions since 20 June 2022, and these were referred to in the Progress Report of 28 September 2022.

Liaison meetings

Given the 2023/24 plan has not commenced, (the members will recall that Assurance Lincolnshire informed Governance and Audit Committee at their July meeting that all audit dates would be scheduled for an update to the September meeting), there have been no liaison meetings. Assurance Lincolnshire were asked on 8 August 2023 for the commencement dates for the audits and they informed the Council that the plan would need to be reduced and that audits would not commence until October 2023.