

# Joint Audit and Governance Committee



Report of Internal Audit and Risk Manager

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To: Joint Audit and Governance Committee

DATE: 25<sup>th</sup> November 2024

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To: Joint Audit and Governance Committee

DATE: 25<sup>th</sup> November 2024

## Internal audit update report Q2 2024/25

### Recommendation(s)

(a) That members review the results of recent internal audit work and monitor progress of management actions.

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	No	No	No	No
Signing off officer	N/A	N/A	N/A	N/A

### Purpose of Report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity at both councils for the committee to review.
2. The committee is asked to monitor progress of management actions to ensure actions are completed correctly in the timescales originally offered by management, and that controls are managing risk more effectively.

- The contact officer for this report is Victoria Dorman-Smith, Internal Audit and Risk Manager for South Oxfordshire District Council (South) and Vale of White Horse District Council (Vale), email [victoria.dorman-smith@southandvale.gov.uk](mailto:victoria.dorman-smith@southandvale.gov.uk).

## Strategic Objectives

- Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

## Background

- Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of council objectives. It assists the councils by evaluating the adequacy of governance, risk management, and controls. After each audit, internal audit has a duty to report to management its findings on the control environment and risk exposure and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.
- The Public Sector Internal Audit Standards (PSIAS) state that the head of internal audit should prepare a risk-based audit plan, which should outline the assignments to be carried out and the resource requirements to deliver the plan, for audit committee approval. The Joint Audit and Governance Committee (JAGC) approved the 2024/25 internal audit plan on 15 April 2024. The PSIAS also states that the head of internal audit must periodically report on performance relative to the plan.
- Overall assurance given by internal audit indicate the following:

Overall assurance definitions	
<b>Substantial</b>	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.
<b>Reasonable</b>	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.
<b>Limited</b>	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.
<b>No Assurance</b>	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.

- In addition to providing overall assurance, it is important that management know how important the required action is to their service. Each action has been given a priority rating at service level with the following definitions:

Categorisation of actions	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.

<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

## Progress against the internal audit plan

9. **Overview:** Progress against the 2023/24 and 2024/25 internal audit plans is summarised in **appendix 1** and **appendix 2** respectively. Five audits from the 2023/24 plan, and two audits from the 2024/25 plan have been completed.

10. **Completed audits\*:** the following 7 audits were completed in quarter two:

No.	Audit	Overall Assurance	Management Actions				Not Agreed
			Total	Priority 1	Priority 2	Priority 3	
<b>Operational Audits</b>							
1	Recruitment, Selection, and Onboarding 23/24	Reasonable	4	0	2	2	0
2	Procurement 23/24	Substantial	1	0	0	1	0
3	IT Asset Management 23/24	Reasonable	4	0	3	1	0
4	Business Continuity 23/24	Reasonable	3	1	2	0	0
5	Insurance 23/24	Substantial	7	0	1	6	0
6	S106 Developer Contributions 24/25	Reasonable	9	0	2	7	0
7	Capital Projects 24/25**	Reasonable	9	2	7	0	0
<b>Totals</b>			<b>12</b>	<b>1</b>	<b>7</b>	<b>4</b>	<b>0</b>

\*See appendix 3 for completed audit reports

\*\*Draft report issued, overall assurance ratings and management actions are subject to change

11. **Mid-year review:** During quarter two, the internal audit and risk manager met with each head of service to identify any areas where audit or advisory services may be required in the remainder of the year. No additional reviews in 2024/25 were identified; however, several topics for review in 2025/26 were highlighted.

## Management actions follow up

12. In line with the PSIAS, the chief audit executive (in these councils the internal audit and risk manager) must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Responsibility to resolve issues and manage agreed actions lies with management.

13. Overall, we received a 100% response rate from action owners. We raised 50 new actions from the 7 audits completed in the quarter. 84 actions were implemented, and 163 actions are open (210 open in Q1).

14. **High risk/Priority 1 actions:** During the quarter, 12 of the 20 past due high-risk actions were implemented, leaving 8 high risk/past due actions in relation to the 2022/23 audits of grounds and parks maintenance, mobile home parks, and health and safety. **Appendix 4** provides an update on the progress against these actions.

15. Analysis of quarter two 2024/25 follow up activity is summarised below:

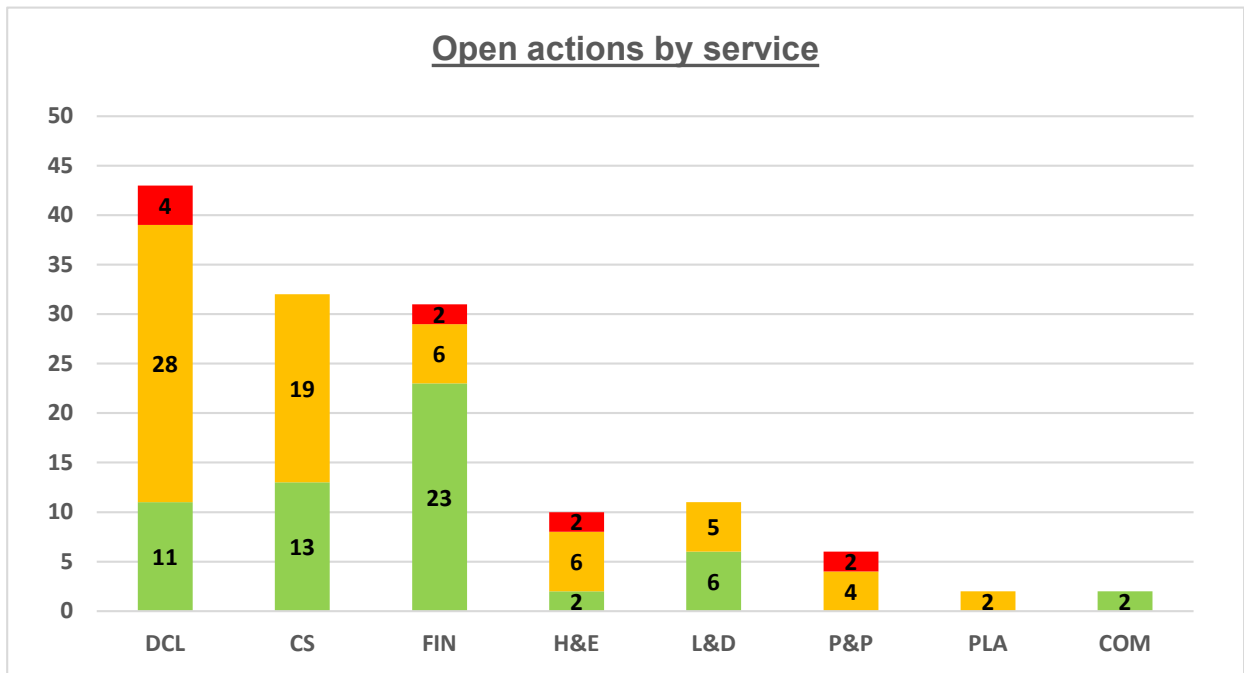
Audit year	Total actions	Q2 follow up activity				Open actions Nov 2024
		New Actions	Implemented	No Longer Applicable	Not Implemented	
2018/19	160	0	0	0	0	0
2019/20	210	0	0	0	9	9
2020/21	133	0	0	0	0	0
2021/22	135	0	0	0	11	11
2022/23	256	0	54	5	57	57
2023/24	124	24	30	8	60	60
2024/25	26	26	0	0	26	26
<b>Totals</b>	<b>1044</b>	<b>50</b>	<b>84</b>	<b>13</b>	<b>163</b>	<b>163</b>

16. Analysis of open actions by year and status is summarised below:

Open actions Nov 2024		Not Implemented* (Past Due)				Not Implemented (Not Yet Due)			
Audit Year	No.	High	Medium	Low	Total	High	Medium	Low	Total
2019/20	9	0	6	3	9	0	0	0	0
2020/21	0	No open actions			0	No open actions			0
2021/22	11	0	10	1	11	0	0	0	0
2022/23	37	5	9	23	37	0	0	0	0
2023/24	1	0	0	0	0	0	1	0	1
Audit Year	No.	Priority 1	Priority 2	Priority 3	Total	Priority 1	Priority 2	Priority 3	Total
2022/23	20	3	14	3	20	0	0	0	0
2023/24	59	0	9	11	20	2	21	16	39
2024/25	26	0	0	0	0	5	14	7	26
<b>Totals</b>	<b>163</b>	<b>8</b>	<b>48</b>	<b>41</b>	<b>97</b>	<b>7</b>	<b>36</b>	<b>23</b>	<b>66</b>

\*See appendix 4 for details of the 8 high risk/priority 1 past due actions.

17. **Open actions by service:** Analysis of open actions by service is summarised below. Development and Corporate Landlord, Corporate Services, and Finance have the highest number of open actions across the organisation. Within Finance, open actions primarily relate to key financial and insurance audits. Most actions within Corporate Services are in relation to IT and HR audit topics. Development and Corporate Landlord has open actions from the Health and Safety, Grounds Maintenance, Moorings, and Property Compliance audits.



### Financial Implications

18. The internal audit plan can be delivered from within the approved 2024/25 budget, therefore there are no financial implications attached to this report.

### Legal Implications

19. There are no legal implications from this report.

### Climate and ecological impact implications

20. This report is for information only and therefore there are no climate and ecological implications.

### Equalities implications

21. This report is for information only and therefore there are no equalities implications.

### Risks

22. Identification of risk is an integral part of all our internal audit work.

### Conclusion

23. This report provides a summary of outcomes of recent internal audit work.

### Attached

**Appendix 1** – Progress against the internal audit plan 2023/24

**Appendix 2** – Progress against the internal audit plan 2024/25

**Appendix 3** – Completed audit reports quarter two 2024/25

**Appendix 4** – Past due high risk/priority 1 actions