



APPENDICES 2 AND 5 TO THIS REPORT ARE EXEMPT FROM PUBLICATION UNDER LOCAL GOVERNMENT ACT 1972 SCHEDULE 12A SECTION 3

GOVERNANCE AND RESOURCES COMMITTEE

Governance and Resources 18th July 2024

Internal Audit Progress Update 2023/24

Report of the Director of Resources

Report Author and Contact Details

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Wards Affected

District Wide

Report Summary

This report is to present for members' information the last progress update in respect of the 2023/2024 Internal Audit Plan and to provide assurance on the governance, risk and control arrangements in place. The report includes a summary of internal audit reports issued since the last meeting of this committee and an update on the implementation of internal audit recommendations.

Recommendation

That the report be received and noted.

List of Appendices

Appendix 1 Internal Audit Reports Issued February 2024 – June 24

Appendix 2 Internal Audit Procurement Report (Exempt from publication)

Appendix 3 Internal Audit Data Protection Report

Appendix 4 Progress on the 2023/2024 Internal Audit Plan

Appendix 5 Implementation of Internal Audit Recommendations (Exempt from publication)

Background Papers

None

Consideration of report by Council or other committee

Not Required

Council Approval Required

No

Exempt from Press or Public

Appendices 2 and 5

Progress Update on the 2023/24 Internal Audit Plan

1. Background

- 1.1 The 2023/24 Operational Audit Plan was approved by the Governance and Resources Committee on the 8th March 2023. The plan provides a framework by which service functions are reviewed to test and report on the adequacy and effectiveness of the governance, risk and control arrangements in place.
- 1.2 This report details the results of the internal audit reviews undertaken since the last meeting, overall progress on the 2023/2024 Internal Audit Plan and in implementing internal audit recommendations.

2. Report

- 2.1 Attached, as Appendix 1, is a summary of reports issued to date in respect of the 2023/2024 financial year. The Appendix shows for each report the level of assurance given in respect of the audit area examined and the number of recommendations made / agreed where a full response has been received.
- 2.2 The table below provides the meaning of the assurance levels that can be awarded in terms of risk and control.

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

- 2.3 This period, nine reports have been issued, three with Substantial, four with Reasonable and two with Limited Assurance.
- 2.4 In respect of the audits being reported, no fraud was identified.
- 2.5 The Limited Assurance reports were in respect of Procurement and Data Protection.
- 2.6 The main issues in respect of Procurement (Appendix 2) were: -
- Contracts were not always included on the relevant risk register where required by the Risk Management Strategy.
 - The Corporate Leadership Team approved the use of a framework contract with a new supplier and expenditure above the UK threshold has occurred. However, it has been established that the proposed framework was not utilised and the procurement was made direct with the supplier.
 - Officers were unclear of the process and paperwork to be completed for calling off goods/services from a framework.
- 2.7 The main issues in respect of Data Protection (Appendix 3) were: -
- Internal Audit Recommendations from September 2022 that have not been implemented.
 - Areas of non-compliance identified by an external review of data protection in March 2023 that have not yet been addressed.
- 2.8 Attached at Appendix 4 is a summary of progress made on the 2023/24 internal audit plan overall. It can be seen that the vast majority of the plan has been completed. The illuminations, parks and Health and safety audits have been carried forward into the 2024/25 internal audit plan.

IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

- 2.9 Attached at Appendix 5 is a summary of made, implemented and overdue internal audit recommendations as at the end of June 2024. There 20 recommendations where implementation has either not started or is in progress (1 High Priority, 11 Medium priority and 8 Low priority recommendations). There are 21 further recommendations that have not yet been implemented but these have not yet reached the agreed target dates and are not overdue. The appendix provides a current update from managers in respect of each outstanding recommendation where provided.

3 Options Considered and Recommended Proposal

- 3.1 N/A

4 Consultation

- 4.1 No public consultation is required.

5 Timetable for Implementation

- 5.1 N/A

6 Policy Implications

- 6.1 Audit reviews help to ensure that the Council's resources and priorities are focused on achieving the objectives within the corporate plan and that there are appropriate governance, risk and control arrangements in place.

7 Financial and Resource Implications

- 7.1 There are no financial implications arising from this report.

8 Legal Advice and Implications

- 8.1 Internal Audit provides a valuable service in reviewing procedures and processes against high standards of governance. Recommendations arising from specific reports help the organisation to learn, improve and mitigate risk. There are no specific legal considerations arising from this report.

9 Equalities Implications

- 9.1 There are no equalities implications arising from this report.

10 Climate Change Implications

- 10.1 There are no climate change implications arising from this report.

11. Risk Management

- 11.1 Audit reviews provide assurance that governance, risk and control arrangements are in place and operating. The timely implementation of internal audit recommendations reduces the risk of fraud, error and system failure.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	10/07/2024
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	10/07/2024
Monitoring Officer (or Legal Services Manager)	Helen Mitchell	8/7/2024