

# Audit Committee

8 May 2025



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| <b>Title</b>                     | Internal Audit Progress Report                                                                                                                                                           |
| <b>Purpose of the report</b>     | To inform and assure                                                                                                                                                                     |
| <b>Report Author</b>             | Natalie Jerams, Deputy Head of Southern Internal Audit Partnership                                                                                                                       |
| <b>Ward(s) Affected</b>          | All Wards                                                                                                                                                                                |
| <b>Exempt</b>                    | No                                                                                                                                                                                       |
| <b>Exemption Reason</b>          | N/A                                                                                                                                                                                      |
| <b>Corporate Priority</b>        | Community<br>Addressing Housing Need<br>Resilience<br>Environment<br>Services                                                                                                            |
| <b>Recommendations</b>           | <b>To inform and assure Audit Committee of Internal Audit progress.</b>                                                                                                                  |
| <b>Reason for Recommendation</b> | In accordance with the Public Sector Internal Audit Standards (as relevant to 2024/25) the Chief Internal Auditor is required to provide a written status report to the Audit Committee. |

## 1. Summary of the report

| What is the situation                                                                                                                                                                                                                                                                                   | Why we want to do something                                                                                                                                                                                                                                          |
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| <ul style="list-style-type: none"><li>In accordance with the Public Sector Internal Audit Standards the Chief Internal Auditor is required to provide a written status report to present internal audit activity and key findings from work concluded in delivery of the internal audit plan.</li></ul> | <ul style="list-style-type: none"><li>The internal audit progress report provides a mechanism through which internal audit performance, issues impacting the Chief Internal Auditors annual opinion, and progress against the audit plan can be monitored.</li></ul> |
| This is what we want to do about it                                                                                                                                                                                                                                                                     | These are the next steps                                                                                                                                                                                                                                             |
| <ul style="list-style-type: none"><li>Consider the internal audit progress report for awareness of issues raised and to monitor the implementation of management actions raised to mitigate identified risks.</li></ul>                                                                                 | <ul style="list-style-type: none"><li>To inform and assure Corporate Management Team and Group Heads of internal audit progress against the planned assurance assignments and key issues raised</li></ul>                                                            |

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|  | <p>for 2024/25 and confirm it is agreeable.</p> <ul style="list-style-type: none"> <li>• To inform and assure the Audit Committee of the Internal Audit Progress at the meeting of 8 May 2025.</li> </ul> |
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- 1.1 This report provides an overview of internal audit activity against assurance work completed in accordance with the approved audit plan for 2024-25 and to provide an overview of the outstanding management actions.

## 2. Key issues

- 2.1 Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:
- ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk, and
  - undertaking an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.
- 2.2 In accordance with Public Sector Internal Audit Standards (as relevant to 2024/25), the Chief Internal Auditor is required to provide a written status report to the Audit Committee summarising:
- the status of 'live' internal audit reports (outstanding management actions)
  - an update on progress against the annual audit plan
  - a summary of internal audit performance, planning and resourcing issues
  - a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.
- 2.3 Due to the Best Value Inspection, the internal audit plan was more heavily weighted to Q3 and Q4 in acknowledgement of officer capacity and the avoidance of potential areas of duplication during this period.
- 2.4 Correspondence received by the Council on 22 August 2024 from the Ministry of Housing Communities & Local Government (MHCLG) indicated the anticipated completion date of the Best Value Inspection to be 29 November 2024. However, the Council was then advised that the Inspection would continue until the end of January 2025 where the inspectors would then feedback to the MHCLG and a report will follow.

- 2.5 The absence of a fully resourced inspection team not being in place until 17 October 2024 is understood to be the primary driver for the delayed completion date.
- 2.6 The Best Value Inspection has now concluded with the Council receiving a letter from the Minister on 17 March 2025 outlining the next steps for the authority. We have been advised that the Council made a response to the Minister on 28 March and is now awaiting the Minister to confirm the next actions and whether Commissioners are to be appointed.
- 2.7 We have continued to work with management to maintain a level of flexibility in our approach to deliver the internal audit plan over the remainder of the year. In doing so, some reviews require deferral (as detailed in section 8 of Appendix A), however, assuming no further deferrals are made to the plan, there remains sufficient assurance work to enable the Chief Internal Auditor to provide their annual opinion on the council's framework of governance, risk and control.
- 2.8 Appendix A provides a summary of internal audit's ongoing progress.

### **3. Options analysis and proposal**

To inform and assure the Audit Committee of Internal Audit progress as detailed within Appendix A.

### **4. Financial management comments**

- 4.1 The Internal Audit Progress Report includes reviews of functions and systems that are financially material and therefore represent greater risk to the authority. Issues presenting adverse financial consequences or threats to the Council's financial position apply to a range of workstreams on the plan.

### **5. Risk management comments**

- 5.1 In producing the programme of audit work for 2024/25 the Chief Internal Auditor has ensured that a risk-based approach has been applied in line with audit standards and focussed on areas of higher priority that align with corporate priorities and objectives. Consideration has been given to current and emerging risks (and opportunities) facing the Council during 2024/25. Due regard has been taken of the pending Best Value Inspection to avoid unnecessary duplication.

### **6. Procurement comments**

- 6.1 None

### **7. Legal comments**

- 7.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory further to the Accounts and Audit (England) Regulations 2015. The PSIAS require public bodies to provide a written status report to the Audit Committee.

**8. Other considerations**

8.1 None

**9. Equality and Diversity**

Equality and diversity are key considerations that feature in the assessment of risk and audit needs.

**10. Sustainability/Climate Change Implications**

10.1 Sustainability is a key consideration and features in the assessment of risk and audit needs.

**11. Timetable for implementation**

11.1 Applicable for the period 1 April 2024 – 31 March 2025

**12. Contact**

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**Background papers:** None

**Appendices:**

**Appendix A – Internal Audit Progress Report**