

<b>Classification:</b> Open	<b>Decision Type:</b> N/a
--------------------------------	------------------------------

<b>Report to:</b>	Audit Committee	<b>Date:</b> 29 October 2024
<b>Subject:</b>	Internal Audit Progress Report	
<b>Report of:</b>	Section 151 Officer	

## Summary

1. This report outlines the work undertaken by Internal Audit from 1<sup>st</sup> June to 30<sup>th</sup> September 2024 which includes the progress to date to complete the annual audit plan 2023/24 and to deliver the work from the 2024/25 audit plan. The report enables Members to monitor the work of the Internal Audit service, raise any issues for further consideration and provide an opportunity to request further information or to suggest areas for additional or follow up work.

The conclusions drawn from the report are:

- The majority of work outstanding from the 2023/24 plan has now been completed and work on 2024/25 plan is progressing.
- Work on 2023/24 plan is concluding with three reviews ongoing and two reviews at draft report stage.
- Work on 2024/25 plan has commenced, with nine reviews ongoing and two have been allocated to auditors.
- Seven audit reports have been issued during the period.
- Nine first follow up exercises and six second follow up exercises have been completed between the period 1<sup>st</sup> June and 30<sup>th</sup> September 2024.
- Four management requests for ad-hoc work are ongoing or have been allocated to auditors.

## Recommendation(s)

- Members note this report and the work undertaken by Internal Audit.

---

### Report Author and Contact Details:

Name: Janet Spelzini  
Position: Head of Fraud, Audit Insurance and Risk  
Department: Corporate Core - Finance  
E-mail: j.spelzini@bury.gov.uk

---

## Background

- 1.1 This report outlines the work undertaken by Internal Audit from 1<sup>st</sup> June to 30<sup>th</sup> September 2024.

- 1.2 Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e., the control environment. Internal Audit plays a vital role in reviewing whether these arrangements are in place and operating properly and providing advice to managers. On behalf of the Council, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of these arrangements and provide assurance to the organisation (Chief Executive, Executive Directors, and the Audit Committee) and ultimately the taxpayers, that the Council maintains an effective control environment that enables it to significantly manage its business risks. The service helps the Council achieve its objectives and provides assurance that effective and efficient operations are maintained.
- 1.3 The assurance work culminates in an annual opinion given by the Head of Fraud, Audit Insurance and Risk on the adequacy of the Council's control environment, based on the work undertaken, and this opinion feeds into the Annual Governance Statement.
- 1.4 The Internal Audit Plan for 2024/25 provides for 754 days to be delivered across all Council departments and Persona. The Audit plan covers a range of themes and was approved by Audit Committee at the meeting on 6<sup>th</sup> March 2024.
- 1.5 Work has been continuing, completing outstanding reviews from 2023/24 and starting Quarters 1 & 2 Audits from 2024/25 plan. Regular progress reports are produced, informing Members of audit activities, and this is the second report of the 2024/25 financial year covering the period from 1<sup>st</sup> June to 30<sup>th</sup> September 2024 which includes 17 completed weeks.

## **2.0 ISSUES**

### **2.1 Annual Audit Plan**

- 2.1.1 The annual plan for 2024/25 was presented and approved at Audit Committee in March 2024 and provided for 754 audit days to be delivered throughout the year.
- 2.1.2 The 2024/25 audit plan is shown at Appendix A and has been updated to show the position at the 30<sup>th</sup> September 2024. When the 2024/25 plan was approved it provided for 9 audits to be carried forward from the 2023/24 plan. Actual non-finalised audits as at 31<sup>st</sup> March 2024 carried forward were 21.

As at the 30<sup>th</sup> September 2024, 16 of the 21 audits from the 2023/24 audit plan have been finalised, 3 were ongoing and 2 were in draft with client. 167 days have been spent so far on all carried forwards. This means that we have overspent by 120 days against the planned allocation of 47 days. Reasons for the overspend are the number of audits carried forward that were not anticipated and that 9 of these audits so far have resulted in a limited assurance opinion. Amendments are now having to be made to the 2024/25 audit plan, see paragraph 2.1.4 for details being put forward at this meeting. It is likely that further amendments will be required, and these will be communicated going forward.

- 2.1.3 The Housing department have requested reviews on Data Quality for Gas Servicing and Fire Safety which were not included in the 2024/25 audit plan. Since this initial request, a further request has been received to examine Data Quality for Electrical Safety, Asbestos Safety, Legionella Safety & Lift Safety. The time for these reviews will be initially allocated to the 8 days contingency for transfer of Six Town Housing to the Council and any additional time will be taken from amendments to the plan and contingency for unplanned works.

2.1.4 Amendments are now required to the 2024/25 audit plan as follows:-

- iTrent Expense Module – This has been removed from the 2024/25 plan due to there being no plans to implement the module during the 2024/25 financial year. This audit has been replaced with a review of the Natural HR System which is a legacy system from Six Town Housing.
- Automated Absence Pay (12 days) – This has now been deferred due to client request and will be carried forward into the 2025/26 audit plan.
- Old Hall Primary School (5 days) had been identified to be audited within the school plan for 2024/25. This school has been removed from the plan as it is due to convert to an Academy on the 1<sup>st</sup> February 2025.

Amendments identified show a reduction of 17 days, which will be offset against the 120 day overspend indicated at paragraph 2.1.2. Currently there are also some contingency days still available which, if they are not required, may be used to offset part of the 120 days. It is expected however that further audits may have to be deferred to 2025/26. The plan will be reviewed and monitored, and any further changes will be brought to Audit Committee in February 2025.

2.1.5 The 2024/25 audit plan provided for 36 audit days to be allocated to reviews to be undertaken for Persona. The reviews to be undertaken have now been agreed and are:-

- Supported Living - Client Finances
- Governance of Persona Board
- Supported Living - Payment of Supported Hours

## 2.2 Audit Plan Progress

This report details the outcome of reviews undertaken, including work reported to Audit Committee in this period, work currently ongoing and draft reports which have been issued to Audit clients.

### Audits completed and Reports Issued

2.2.1 The Table below summarises the seven audits that have been finalised and issued since Audit Committee last met in July 2024, and the corresponding number of agreed actions and overall level of assurance provided for each of those audits.

Table 1: Final Reports Issued during period 1<sup>st</sup> June to 30<sup>th</sup> September 2024.

Audit	Number of agreed actions and priority				Level of Assurance
	Fundamental	Significant	Merits Attention	Total	
<b>Bury Council</b>					
Business Rates Billing, Collection & Reliefs	1	6	1	8	Limited

GM Supporting Families	2	3	0	5	Limited
IT Asset Management	9	1	0	10	Limited
Main Accounting Key Controls 2023/24	1	4	2	7	Limited
Payroll Key Controls 2023/24	2	6	4	12	Limited
Rent Collection from Commercial Tenants	4	4	4	12	Limited
Council Tax Key Controls 2023/24	0	1	3	4	Substantial
<b>Total</b>	<b>19</b>	<b>25</b>	<b>14</b>	<b>58</b>	

Full versions of Limited Assurance reports and summary versions for other reports are also presented in Part B of the Audit Committee meeting. These include the overall opinion, the findings, recommendations, and action plans of these reviews. The reports are exempt from publication as they may contain information which is likely to reveal the identity of an individual or information relating to the financial or business affairs of any particular person (including the Authority).

- 2.2.3 Any level of assurance given to each audit is a balanced judgement based upon the established system of controls, the subject's approach to risk management and the nature of any recommendations and actions agreed. (See appendix B for explanations of the various levels of assurance).

Actions are classified over the categories of Fundamental, Significant and Merits Attention. See appendix B for explanations of the various levels of priority.

- 2.2.4 The agreed actions are designed to improve the control environment and / or improve "value for money" within the client's area of responsibility and we can report that the actions made in this period have been agreed by management.

Our audit reports include an action plan that records the detail of our findings, the agreed action that management intend to take in response to these findings and the timescale to undertake such action. This provides a record that progress can be measured against when we undertake our follow up audits.

## 2.3 Follow ups.

All audit reports are subjected to a follow up review. For those reports issued with limited assurance, a follow up review is undertaken three months after the report has been finalised, and for all other reports, a follow up is undertaken after six months. The recommendations which had been graded fundamental or significant are subjected to follow up.

A second follow up is undertaken six weeks after the first follow up, to pick up on any recommendations that have not been implemented or only had partial implementation. Updates are provided to Audit Committee.

A recommendation tracker is in place and all fundamental and significant recommendations that are still either outstanding or partially implemented after the second follow up are reported to the Corporate Governance Group, which is headed by the Council Monitoring Officer.

There are no plans for a third follow-up process. Any reviews with recommendations which have not been implemented / only partially implemented are then passed to the Corporate Governance Group to progress.

In addition, the Chair of the Audit Committee has the discretion to request the relevant Director after the second follow up audit has been completed, to attend the Audit Committee meeting.

Nine first follow ups exercises have been completed in the period 1<sup>st</sup> June to 30<sup>th</sup> September 2024. (See table below)

Six second follow up exercises have been completed in the period 1<sup>st</sup> June to 30<sup>th</sup> September 2024. (See table below)

Table 1: First Follow Ups Undertaken since 1<sup>st</sup> June to 30<sup>th</sup> September 2024

Audit	Number of agreed actions and priorities (fundamental and significant only)			
	Fundamental	Significant	Follow up number of recs fully implemented	Follow up number of recs outstanding
<b>Bury Council</b>				
School & College Transport	1	4	4	1
Creditors Invoice Fraud	2	3	3	2
Persona - Creditors	0	2	1	1
Building Stores	4	7	2	9
<b>Six Town Housing</b>				
Disabled Facility Adaptions	2	2	3	1
Procurement of Contractors and Delivery of Capital Programme	0	2	0	2
Whistleblowing Allegations	10	0	2	8
Invoice Processing	0	5	2	3
Right to Buy	3	4	3	4
<b>TOTAL</b>	<b>22</b>	<b>29</b>	<b>20</b>	<b>31</b>

Table 2: Second Follow Ups Undertaken since 1<sup>st</sup> June to 30<sup>th</sup> September 2024

Audit	Number of agreed actions and priorities (fundamental and significant only)			
	Fundamental	Significant	Follow up number of recs fully implemented	Follow up number of recs outstanding
<b>Bury Council</b>				
Home Care Packages	0	1	1	0
Payroll Key Controls 2021/22	0	3	0	3
Housing Benefit & Council Tax Support Key Controls 2022/23	0	1	0	1
Fleet Management	2	0	1	1
Cash & Bank Key Controls 2021/22	2	3	0	5
Procurement of CBRE	1	0	0	1
<b>Total</b>	<b>5</b>	<b>8</b>	<b>2</b>	<b>11</b>

Full versions of all follow up reports are also presented in Part B of the Audit Committee meeting. The reports include the progress to date and Internal Audit's assessment on whether the recommendations have been implemented, partially implemented or are still outstanding. The reports are exempt from publication as they may contain information which is likely to reveal the identity of an individual or information relating to the financial or business affairs of any particular person (including the Authority).

## 2.4 Other work

This section details other work completed by the audit team.

### 2.4.1 Assurance work – Ongoing reviews

There are 3 audits still being progressed from the 2023/24 plan. Audits which are currently taking place are:-

- Department of Work and Pensions – Memorandum of Understanding (Ad-hoc audit not included in 2023/24 plan)
- Climate Change
- Income & Banking Key Controls 2023/24

There are 9 audits in progress from the 2024/25 plan. Audit which are currently taking place are:-

- Lowercroft Primary School
- The Derby High School

- Purchase Card Expenditure
- Emergency Duty Team
- Leisure Centres
- Section 106
- Libraries
- Housing Conditions – Damp, Mould & Condensation
- CCTV – Compliance with the Code of Practice

#### 2.4.2 Assurance work – Draft reports

The following reviews from the 2023/24 plan have been completed and draft reports have been issued to client:-

- Treasury Management Key Controls 2023/24
- Persona – Property & Building Maintenance

#### 2.4.3 Assurance work – Allocated

The following audits have been allocated to an Auditor and preparation work is being undertaken.

- St. Margarets C of E Primary School
- Persona – Supporting Families – Client Finances

#### 2.4.4 Grants

The Bus Operators Grant 2023/24 and the Section 31 Pothole Grant for 2023/24 verification exercises have been completed, signed off and submitted to the relevant organisation.

#### 2.4.5 Management requests for ad-hoc work ongoing and allocated

Four management requests are currently being progressed:

- Housing - Gas Safety – Performance Data Quality (Report being prepared)
- Housing - Fire Safety – Performance Data Quality (Report being prepared)
- Direct Payments – Assessment of the current improvement plan against current legislation and standards. (Testing progressing)
- Housing – Electrical Safety – Performance Data Quality (Allocated)

#### 2.4.6 Supporting Transformation and Change

The Internal Audit Plan 2024/25 includes a provision of 69 days to be made available to support services throughout the year by providing consultancy advice or independent assurance as / when our input is appropriate.

Advice given in the period 1<sup>st</sup> June to 30<sup>th</sup> September 2024:-

- Work is undertaken with Registrars on a quarterly basis to securely destroy any spoilt certificates.
- Insurance renewals – support is continuing to be provided to the Insurance Team in relation to the renewal process.
- Safeguarding Partnership – requested advice in relation to their Quality Assurance process.
- Mayor’s Parlour – review / advice given in relation to Insurance requirements.
- Bury Market – advice given in relation to the purchase of a trailer for use on the outdoor market.
- Unit 4 Data Breach – support given to the team.
- Support is being provided into the Reinforced Autoclaved Aerated Concrete (RAAC) working group.
- Creditors Payment to wrong supplier – advice and support given to the team.

## **2.5 Investigations / Fraud / Whistleblowing**

The team continues to be available to support the business with internal investigations providing technical skills and advice when called upon and managing the whistleblowing hotline / online referrals.

Details of investigations are reported separately to Audit Committee in part B of the meeting.

## **2.6 National Fraud Initiative**

An update from the Fraud Team will be provided at this meeting.

## **2.7 School Audits**

For 2024/25 the annual plan includes 45 days to undertake individual school reviews. The audit team consulted with colleagues from Children’s Services and developed a school audit plan to be delivered. Requests were originally made for 8 school reviews to be undertaken. One school has been removed from this plan as it is converting to an Academy.

In addition, arrangements remain in place that Internal Audit will undertake School Audits on requests received, during the year, from the Executive Director of Children’s Services and / or Director of Finance, where it is thought an audit review would be beneficial to the School and the Council.

A Schools Assurance Board has also been established within the Council and Internal Audit are represented on this group, providing advice to the group on specific issues which may arise at schools.

## **2.8 Collaboration**

We have ongoing representation on sub-groups of the Northwest Heads of Internal Audit Group. The groups have been established to share good practice across the region.



- IT Audit Group
- Schools Audit Group.

**Links with the Corporate Priorities:**

*Please summarise how this links to the Let's Do It Strategy.*

- Internal Audit undertakes assurance work to all Departmental Directors and Statutory Officers regarding the systems in place, making recommendations for improvements to control and protect the assets and resources of the Council. The control and mitigation of the loss of funds gives the assurance that public money is used in an appropriate manner to deliver the Corporate Priorities.

**Equality Impact and Considerations:**

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Internal Audit provide assurance to Committee Members and the public that the organisation is delivering services in line with agreed policies and procedures which have considered the requirements of the Equality Act 2010.

**Environmental Impact and Considerations:**

*Please provide an explanation of the carbon impact of this decision.*

- N/a – no decision required.

**Assessment and Mitigation of Risk:**

Risk / opportunity	Mitigation
--------------------	------------

Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.

Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

---

### **Legal Implications:**

- The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the work of the Council's Internal Audit Service, in ensuring compliance.

---

### **Financial Implications:**

- There are no financial implications arising from this report. The work of the Internal Audit Service however supports the governance framework.

---

### **Background papers:**

- Internal Audit Plan 2024/25
- Internal Audit Reports issued throughout the course of the year.

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

<b>Term</b>	<b>Meaning</b>