

Classification: Open	Decision Type: N/a
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Report to:	Audit Committee	Date: 11 February 2025
Subject:	Internal Audit Progress Report	
Report of:	Section 151 Officer	

Summary

1. This report outlines the work undertaken by Internal Audit from 1st October to 31st December 2024 which includes the progress to date to complete the annual audit plan 2023/24 and to commence 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:

- All work outstanding from the 2023/24 plan has now been concluded.
- Work on 2024/25 plan has progressed, with nine reviews ongoing, one report at draft stage and two audits have been allocated to auditors.
- Nine first follow up exercises and four second follow up exercises have been completed between the period 1st October to 31st December 2024.
- Three 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.

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Background

- 1.1 This report outlines the work undertaken by Internal Audit from 1st October to 31st December 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 6th March 2024.
- 1.5 Work has been concluded on the outstanding reviews from 2023/24 and progress has been made on Audits from 2024/25 plan. Regular progress reports are produced, informing Members of audit activities, and this is the third report of the 2024/25 financial year covering the period from 1st October to 31st December 2024 which includes 13 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 31st December 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 31st March 2024 carried forward were 21.

As at the 31st December, all audits from the 2023/24 audit plan have been concluded. 173 days was spent on all carried forwards. This means that we have overspent by 126 days against the planned allocation of 47 days. Reasons for the overspend are the number of audits carried forward that were not anticipated, 10 of these audits resulted in a limited assurance opinion and these reviews needed additional unexpected level of testing and meetings to be undertaken. Amendments are now having to be made to the 2024/25 audit plan, see 2.1.4 for details being put forward at this meeting. Audits now removed from the 2024/25 audit plan total 117 days giving a difference of 9 days overspent.

- 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:-

The following audits were identified and reported at the October 2024 meeting.

- 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 – This has now been deferred due to client request and will be carried forward into the 2025/26 audit plan.
- Old Hall Primary School 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 1st February 2025.

Further amendments are now required to the 2024/25 plan as follows:

- Main Accounting Key Controls 2024/25 – This has now been deferred due to the follow ups on the 2023/24 key control report currently being undertaken. A review of the key controls for 2025/26 will be included in the 2025/26 audit plan.
- Income and Bank Key Controls 2024/25 – This has now been deferred due to the follow ups on the 2023/24 key control report currently being undertaken. A review of the key controls for 2025/26 will be included in the 2025/26 audit plan.
- Creditors – This has now been deferred. A moderate assurance was given to this area when undertaking 2023/24 key control review. Additionally other audit's undertaken do include examination of creditor payments which have been made during the year. A review of the Creditors System will be included in the 2025/26 audit plan, the days allocated to this review have been reallocated to the Debtors audit due to the in-depth scope of the deep dive review.
- Capital Programme – The scope of this audit was to examine schemes managed by the Business, Growth and Infrastructure department. This has now been deferred as no capital schemes have been completed and subjected to a post implementation review and will be carried forward into the 2025/26 audit plan.
- Appointeeships / Court of Protection – This has now been deferred due to an audit by the Office of the Public Guardian having been undertaken in May 2024, which covered the areas that Internal Audit has planned to examine. The Internal audit review will be carried forward into the 2025/26 audit plan.
- Direct Payments – This has now been deferred due to a management request for an audit of the Direct Payments Improvement Plan. The replacement review has been completed and a report has been circulated to Audit Committee Members. The planned review of Direct Payments will be carried forward into the 2025/26 audit plan.
- Waste Management – This has now been deferred to a delay in the implementation of the new in cab technology system which would form part of the audit review. The review will be carried forward into the 2025/26 audit plan.

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 – This has now been deferred as the changes in process of supported hours payments has only just been implemented and now needs to be embedded before an audit review can be

undertaken. This audit has now been replaced with a review of Safeguarding. The review of Supported Living – Payment of Supported Hours will be carried forward into the 2025/26 audit plan.

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 twelve audits that have been finalised and issued since Audit Committee last met in October 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 1st October to 31st December 2024.

Audit	Number of agreed actions and priority				Level of Assurance	Date issued to Members
	Fundamental	Significant	Merits Attention	Total		
Bury Council						
Income and Bank Key Controls 2023/24	2	2	4	8	Limited	06.12.2024
Lowercroft Primary School	1	5	5	11	Limited	02.01.2025
The Derby High School	6	4	13	23	Limited	02.01.2025
Libraries Income	0	3	3	6	Moderate	02.01.2025
Section 106 Agreements	0	4	1	5	Moderate	02.01.2025
Persona – Property and Buildings Maintenance	0	1	0	1	Substantial	01.11.2024
Council Properties leased to Persona	0	1	0	1	Substantial	01.11.2024
Fire Safety – Performance Data Quality	0	2	2	4	Substantial	01.11.2024
Treasury Management Key Controls 2023/24	0	2	1	3	Substantial	01.11.2024
Direct Payments – Improvement Plan	0	1	0	1	Substantial	02.01.2025
Gas Safety – Performance Data Quality	0	1	0	1	Substantial	02.01.2025

CCTV – Compliance with the Code of Practice 2024/25	0	0	0	0	Full	06.12.2024
Total	9	26	29	64		

All reports detailed have been circulated to Audit Committee Members on the dates shown in the table.

- 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.

Seven first follow ups exercises have been completed in the period 1st October to 31st December 2024. (See table below)

Four second follow up exercises have been completed in the period 1st October to 31st December 2024. (See table below)

Table 1: First Follow Ups Undertaken since 1st October to 31st December 2024

Audit	Number of agreed actions and priorities (fundamental and significant only)				Date issued to Members
	Fundamental	Significant	Follow up number of recs fully implemented	Follow up number of recs outstanding	
Bury Council					
Independent Foster Agencies	0	1	1	0	01.11.2024
Debtors Key Controls 2023/24	2	5	2	5	01.11.2024
Persona – Debtors	0	2	1	1	01.11.2024
Care Placement Permissions	1	0	0	1	01.11.2024
Car Parking Income	0	3	2	1 recommendation not possible to be implemented.	06.12.2024
Supporting Families Programme	2	3	5	0	06.12.2024
Six Town Housing					
Arrears Prevention	0	2	1	1	02.01.2025

Table 2: Second Follow Ups Undertaken since 1st October to 31st December 2024

Audit	Number of agreed actions and priorities (fundamental and significant only)				Date issued to Members
	Fundamental	Significant	Follow up number of recs fully implemented	Follow up number of recs outstanding	
Bury Council					
Persona – Creditors	0	1	0	1	06.12.2024
Creditors Invoice Fraud	0	2	2	0	06.12.2024
Housing – Right to Buy	2	2	3	1	06.12.2024
Six Town Housing					
Invoice Processing	0	3	1 superseded	2	06.12.2024

Follow up reports were issued to Audit Committee Members on the dates shown in the table.

The Corporate Governance Group scheduled to meet in January 2025 will receive updates of the 30 recommendations, 7 fundamental and 23 significant, which are still either partially implemented / not implemented. Whilst there are a number of recommendations outstanding, the direction of travel of recommendations is positive, and the number of outstanding recommendations reported to the group has fallen from 48 to 30.

2.4 Other work

This section details other work completed by the audit team.

2.4.1 Assurance work – Ongoing reviews

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

- Purchase Card Expenditure
- Emergency Duty Team
- Housing Conditions – Damp, Mould & Condensation
- Our Lady of Grace RC Primary School
- St Margarets C of E Primary
- Chantlers Primary School
- Persona – Supported Living – Client Finances
- ROPA
- Debtors Invoice Processing

2.4.2 Assurance work – Draft reports

The following reviews from the 2024/25 plan have been completed and draft reports have been issued to client:-

- Leisure Income

2.4.3 Assurance work – Allocated

Work has also commenced to deliver the audits detailed in the audit plan for 2024/25. The following audits have been allocated to an Auditor and preparation work is being undertaken.

- Recruitment Process
- Chapelfield Primary School

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

Three management requests are currently being progressed:

- Lift Safety – Performance Data Quality
- Electrical Safety – Performance Data Quality
- Legionella Performance Data Quality (Allocated to Auditor)

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 1st October to 31st December 2024:-

- Work is undertaken with Registrars on a quarterly basis to securely destroy any spoilt certificates.
- Support is being provided into the Reinforced Autoclaved Aerated Concrete (RAAC) working group.
- Income Collection – Peel Tower advice and guidance provided on Income collection process and security.
- Anti-money laundering checks.
- Catering Issues with Philips High School, department requested advice and guidance in relation to the catering service being provided to the school since its conversion to academy status.

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 have consulted with colleagues from Children's Services and have developed a school audit plan to be delivered. Requests have been made for 8 school

reviews to be undertaken. As reported at paragraph 2.1.4 one school has been removed from the annual plan as it is due to convert to an Academy in February 2025.

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
- Chief Audit Executive 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.
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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.
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Financial Implications:

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

Term	Meaning