



**Open Report on behalf of Andrew Crookham, Deputy Chief Executive and Executive Director - Resources**

Report to:	<b>Audit Committee</b>
Date:	<b>14 November 2022</b>
Subject:	<b>Internal Audit Progress Report</b>

**Summary:**

The purpose of this report is to:

- Provide details of the audit work completed to 30th September 2022
- Advise on the progress of the audit plan
- Raise any other matters that may be relevant to the Audit Committee role

The report details that the plan has been adjusted to reflect changes to risk profile and assurance needs.

**Recommendation(s):**

1. Outcome of internal audit work and the assurances given - identifying any actions that need to be taken to improve the control environment.
2. Progress and delivery of the internal audit plan - identifying any necessary actions that need to be taken.

**Background**

The Internal Audit progress report covers current progress and upcoming audit work along with the outcomes of the reviews we have completed since the last progress report shared in March 22.

One audit report has been issued with a **limited assurance opinion** – Transport Connect. Management have confirmed that all but one of the recommendations have been implemented – the outstanding action relates to the role of the Company Secretary, and we understand this will be reviewed now the Board has a new Chairperson.

We have also issued **4 high assurance** and **5 substantial assurance opinions** and completed 2 pieces of consultancy work.

We continue to deliver assurance on the 2022/23 audit plan, we have four reports at draft stage and a significant number of other planned audits are underway. Capacity has been strengthened with the recruitment of 6 new auditors. This has impacted on delivery of work with focus on induction, training and development as we 'grow our own'. Additional resource continues to be drawn from external suppliers to support delivery and we expect performance to improve as the new staff gain experience.

We have reviewed and refocused the plan for the remainder of the year and all audits have been allocated. There have been changes to the plan to reflect requests from senior management, including:

- A lessons learned review of contract management for IT Payment systems.
- Consultancy review on an unsuccessful tender exercise.
- Assurance on the Council's acquisition and disposal process.

Other key areas of work include completion of the Combined Assurance report, review of key financial systems and assurance around the Business World go-live decision.

Follow up of outstanding recommendations has confirmed that **68%** have been implemented at 30<sup>th</sup> September 2022 – with 18% not yet due at this date. At the last Audit Committee, we reported 2 audits with outstanding actions that dated back to 2019 and 2020 (Cyber Security & Treasury Management). Only one point on Treasury Management remains open and this is low risk.

There are 2 outstanding actions considered to be High priority – an update has been provided on the implementation of additional password controls for Privileged Access Management (ICT). We are awaiting an update from the Property Team for 1 outstanding action in relation to Property Repair & Maintenance budgets. We will continue to track all outstanding management actions.

**Appendix A** – shows our Internal Audit Progress Report – November 2022.

## **Conclusion**

We have reported one audit with Limited assurance – management has confirmed that all but one recommendation has been implemented.

The audit plan has been revised to reflect current risk, priorities and requests for alternative reviews.

Delivery is behind plan due to a focus on induction and training of new members of staff. With the support of external resources, we expect performance to improve in the second half of the year.

**Consultation**

**a) Risks and Impact Analysis**

N/A

**Appendices**

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Progress Report

**Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or [lucy.pledge@lincolnshire.gov.uk](mailto:lucy.pledge@lincolnshire.gov.uk).

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