

Arun District Council

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| REPORT TO: | Audit & Governance Committee 19 February 2024 |
| SUBJECT: | Internal Audit Progress Report December 2023 |
| LEAD OFFICER: | Antony Baden, Group Head of Finance and Section 151 Officer |
| LEAD MEMBER: | Cllr Dr Walsh |
| WARDS: | All |
| CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Council's budget promotes all of the Council's Corporate Priorities. | |
| DIRECTORATE POLICY CONTEXT: The Council's Internal Audit Service has an effect on all Directorates of the Council. | |
| FINANCIAL SUMMARY: There are no direct financial implications arising from the report. Provision of a sound Internal Audit Service should result in effective financial control and guard against theft and fraud. | |

1. PURPOSE OF REPORT

- 1.1. The Committee has a responsibility to review the Internal Audit Progress report to ensure that action has been taken by relevant managers on risk based issues identified by Internal Audit.

2. RECOMMENDATIONS

- 2.1. The Committee is requested to receive this report and note progress to date, as at 31 December 2023.

3. EXECUTIVE SUMMARY

- 3.1. The report outlines the progress of the Council's Internal Audit service against the approved Internal Audit Plan for 2023/24 from 1 April 2023.

4. DETAIL

- 4.1. 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.

4.2 In accordance with proper internal audit practices (Public Sector Internal Audit Standards), 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; and a summary of significant issues that may impact on the Chief Internal Auditor's annual opinion.

4.3 The progress report is attached at Appendix 1 and provides a clear and transparent articulation of internal audit activity, performance, and outcomes during the period up to 31 December 2023.

5. CONSULTATION

5.1. N/A

6. OPTIONS / ALTERNATIVES CONSIDERED

6.1. The report is for information only.

7. COMMENTS BY THE GROUP HEAD OF FINANCE AND SECTION 151 OFFICER

7.1. A fit for purpose, monitored Internal Audit system enhances financial control and reduces the risk of theft and fraud for the Council.

8. RISK ASSESSMENT CONSIDERATIONS

8.1. The main risks arising from the process are:

- Issues raised by Internal Audit are not appropriately actioned by managers. This could result in weak systems control, increasing the risk of theft and fraud. Regular reporting and monitoring reduces the risk;
- The other risk is slippage of the approved Audit programme. This would mean the approved programme is not delivered and resources not directed as planned. Regular reporting and monitoring reduces the risk.

8.2. Processes in place and financial controls mitigate against these risks.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

9.1. A sound system of Internal Audit is one of the requirements of the Local Government Finance Act 1972.

10.HUMAN RESOURCES IMPACT

10.1. There are no impacts.

11.HEALTH & SAFETY IMPACT

11.1. There are no impacts.

12.PROPERTY & ESTATES IMPACT

12.1. There are no impacts.

13.EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1. There are no impacts.

14.CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1. There are no impacts.

15.CRIME AND DISORDER REDUCTION IMPACT

15.1. There are no impacts.

16.HUMAN RIGHTS IMPACT

16.1. There are no impacts.

17.FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1. There are no impacts.

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BACKGROUND DOCUMENTS: Annual Internal Audit plan 2023/24