

Internal Audit Progress Report

To: Audit & Accounts Committee

Meeting Date: 28th March 2024

From: Mairead Claydon, Head of Internal Audit & Risk Management

Electoral division(s): N/A

Executive Summary: The purpose of the report is to provide an update to Audit & Accounts Committee on the main areas of internal audit coverage for the period to 28th February 2024.

Recommendation: Audit & Accounts Committee is requested to consider and comment on the contents of this report.

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1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The role of Internal Audit is to provide the Audit Committee and management with independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives. As such, the maintenance of an effective system of internal audit management contributes to the achievement of all seven of the Council's ambitions.

2. Background

- 2.1 The role of Internal Audit is to provide the Audit & Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 2.2 The annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; and the 'flexible' plan, i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process.

3. Main Issues

Please see the full Internal Audit Progress Report provided at Appendix 1 to this report.

3.1 PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) COMPLIANCE

- 3.1.1 The Internal Audit service has conducted its annual self-assessment of compliance against Public Sector Internal Audit Standards. The review has concluded that the team is compliant with PSIAS, however areas for further improvement have been identified and will be incorporated into the team's Quality Assurance & Improvement Plan for 2024/5. See Section 6 of the report for details.

3.2 OUTSTANDING AUDIT ACTIONS

- 3.2.1 Annex B details 80 outstanding audit agreed actions as at 28th February 2024. This is a slight reduction from 85 outstanding actions in our previous Internal Audit Progress Report. There are no outstanding 'essential' actions. Narrative updates on actions where the current target date is after 28th February have not been followed-up by Internal Audit in this reporting cycle and will be reported in the next Progress Report.

- 3.2.2 See Section 7 of the report for more details.

3.3 INVESTIGATIONS CASELOAD

- 3.3.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team, as well as updates on other counter-fraud work including the launch of new anti-money laundering training.
- 3.3.2 An investigation into a backlog of contracts in the Passenger Transport service is detailed at Section 9.4

3.4 KEY FINANCIAL SYSTEMS

- 3.4.1 Section 10 of the Progress Report provides an update on the progress with Key Financial Systems reviews. The most significant update is that a recent staff departure in the Internal Audit service at West Northamptonshire has resulted in that service reporting that they will be unable to complete the Debt Recovery Shared Service review for 2023/24.
- 3.4.2 The Cambridgeshire IA Team has agreed to complete this review, given that we possess prior experience of delivering this annual audit. The team are currently awaiting working papers from the team at West Northamptonshire to assess the work they have undertaken to date before agreeing the plan for completing the review; however this will not be commenced until late March/early April. The team will seek to complete the work in time for the annual audit opinion in May, however this cannot be guaranteed.

4. Significant Implications

- 4.1 This report is an information-only update and there are no significant implications to highlight.

5. Source Documents

- 5.1 None