



Civic Centre, Riverside, Stafford

Contact Jim Dean

Direct Dial 01785 619209

Email jdean@staffordbc.gov.uk

Dear Members

Audit and Accounts Committee

A meeting of the Audit and Accounts Committee will be held in the **Walton Room, Civic Centre, Riverside, Stafford on Wednesday 16 October 2024 at 5.00pm** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown in each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

A handwritten signature in black ink, appearing to read "I. Curran".

Head of Law and Governance

AUDIT AND ACCOUNTS COMMITTEE

16 OCTOBER 2024

Chair - Councillor M G Dodson

AGENDA

- 1 Minutes of 19 June 2024 as circulated and published on 21 June 2024.
- 2 Apologies
- 3 Officers' Reports

	Page Nos
ITEM NO 3(a) VFM Progress Report - Quarter 1 2024/25	3 - 25
HEAD OF TRANSFORMATION AND ASSURANCE	
ITEM NO 3(b) Internal Audit Update - September 2024	26 - 39
CHIEF INTERNAL AUDITOR AND RISK MANAGER	

Chair - Councillor M G Dodson

K M Aspin
M G Dodson
P A Leason

A M Loughran
A R McNaughton
D P Rouxel

Agenda Item 3(a)**VFM Progress Report - Quarter 1 2024/25**

Committee:	Audit and Accounts
Date of Meeting:	16 October 2024
Report of:	Head of Transformation and Assurance
Portfolio:	Resources Portfolio

The following matter was considered by Cabinet at its meeting held on 3 October 2024 and is submitted to Audit and Accounts Committee as required.

1 Purpose of Report

- 1.1 To advise Members on the progress in the delivery of the VFM Improvement Plan at the end of Quarter 1 2024/25.

2 Recommendations

- 2.1 To note the progress at the end of Quarter 1 2024/25 in the delivery of the VFM Improvement Plan, as set out at **APPENDIX 1**.

Reasons for Recommendations

- 2.2 The information allows Cabinet to ensure that all appropriate steps are being taken to address the findings of the External Auditors and improve the Council's governance arrangements.

3 Key Issues

- 3.1 The Council's External Auditor's Annual Report (AAR) for 2021/22 and 2022/23, highlighted several significant issues relating to the Council's financial, governance and asset arrangements and made recommendations for addressing these.
- 3.2 An improvement plan to address the issues was drawn up and approved by the Audit and Accounts Committee (13 February 2024) and subsequently by Council (27 February 2024).
- 3.3 This report sets out the progress made at the end of Quarter 1 2024/25.
- 3.4 Of the 9 actions due in quarter 1, 3 are on target and 6 have slipped. Overall, 46% of the actions due up to the end of quarter 1 have been delivered in full or are in progress.

4 Relationship to Corporate Priorities





- 4.1 Good governance and financial management specifically links to the Council's priority to be "a well-run, financially sustainable and ambitious organisation, responsive to the need of our customers and communities and focussed on delivering our outcomes". It also underpins the delivery of the Council's other corporate priorities and operational services.

5 Report Detail

Background

- 5.1 As part of the work of the External Auditors, they are required to undertake a review of the Council's arrangements for Value for Money and their finding are set out in the Annual Audit Report for 2021/22 and 2022/23.
- 5.2 The AAR for 2021/22 and 2022/23 identified several areas of concern primarily:
- (i) the delay in preparation of and audit of final accounts and budget monitoring; and
 - (ii) weaknesses in our arrangements for our IT systems, fraud, procurement, performance management and managing our workforce.
- 5.3 None of the issues themselves are new; they were identified in the previous AAR, have been raised in reports issued by Internal Audit and/or have been raised as significant governance issues in the Annual Governance Statement over the same period. However, the External Auditors have raised the profile of these issues and the need to address them to prevent significant governance failings. One statutory recommendation has been made and this is being progressed as a priority.
- 5.4 The External Auditors acknowledged that there has been a lack of capacity in key service areas to address these issues. The Council has sought to address this by agreeing additional funds as part of the budget process for the Finance and Transformation Teams.
- 5.5 A VFM improvement plan has been produced to address the issues raised in the AAR. A commentary on progress for each of the actions up to the end of quarter 1 of 2024/25 is set out in **APPENDIX 1**. Overall progress is summarised in the table below:

Table 1: Summary of Progress - VFM Improvement Plan

Quarter					No longer applicable	Total Number of Projects
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule		
Q4 2023/24	8			6	1	15
Q1 2024/25		3	6			9
TOTAL	8 (33%)	3 (13%)	6 (25%)	6 (25%)	1 (4%)	24

5.6 At the end of quarter 1, of the 24 actions due for delivery:

- 46% have been completed or are in progress;
- 50% of actions are behind schedule; and
- 4% are no longer applicable.

Of the 9 actions due in quarter 1, 3 are on target and 6 have slipped. Progress in quarter 1 has been impacted by the need to deliver two elections; the planned local elections in May and the Parliamentary election in July. Priority has also been given to delivery of the regeneration schemes, which has particularly affected the actions planned for the Finance Team.

5.7 Progress in delivering the actions set out in the improvement plan are being overseen by:

- The Leadership Team; and
- Audit and Accounts Committee.

The Audit and Accounts Committee will escalate any concerns to Cabinet and the Cabinet will also receive periodic updates.

6 Implications

6.1 Financial

There are no direct financial implications arising from the report.

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

Failure to deliver the improvement plan and address the External Auditor's recommendations has been included in the Council's Strategic Risk Register.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: VFM Improvement Plan - Progress Report

8 Previous Consideration

Cabinet - 3 October 2024 - Minute No 25/24

9 Background Papers

Report to Audit and Accounts Committee 13 February 2024

Contact Officer: Judith Aupers

Telephone Number: 01543 464411

Ward Interest: All





Report Track: Cabinet 3 October 2024

Audit and Accounts Committee 16 October 2024

Key Decision: No

VFM Improvement Plan - Progress Report

Summary of Progress at 30 June 2024




Quarter					No longer applicable	Total Number of Projects
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule		
Q4 2023/24	8			6	1	15
Q1 2024/25		3	6			9
Q2 2024/25						15
Q3 2024/25						18
Q4 2024/25						7
2025/26						3
	8 (33%)	3 (13%)	6 (25%)	6 (25%)	1 (4%)	24 at end of Q1

Commentary on Progress




Whilst progress continues to be made in delivering the improvement plan, this has been hampered in Quarter 1 2024-25 by resources being diverted to support the delivery of the local elections in May and the Parliamentary Election in July. A number of the actions that have slipped relate to the revision of strategies. The strategies have been updated but are currently awaiting review by the Head of Service prior to consideration by Leadership Team. These will move forward in Quarter 2. Priority has also been given to delivery of the regeneration schemes, which has particularly affected the actions planned for the Finance Team.




Notwithstanding this, good progress has been made ahead of schedule, in the development of the transformation strategy and plan. This has been considered by Leadership Team and will be brought to Cabinet for approval in Quarter 2. Preparatory work in developing the Transformation Programme is also underway.





No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
Quarter 4 2023-24						
1.	Financial Sustainability (Statutory Rec 1)	Medium Term Financial Strategy for 2024/25 to 2026/27 drafted and approved by Cabinet and Council. Modelling, assumptions and risk assessment included as part of the budget report. MTFS includes assessment of likely future government funding.	Deputy Chief Executive (Resources) and S151 Officer		Completed	★
2.	Financial Sustainability (Statutory Rec 1)	Capital Strategy to be updated in accordance with the revised Prudential Code.	Deputy Chief Executive (Resources) and S151 Officer		Completed	★
3.	Financial Sustainability (Statutory Rec 1)	Bring treasury strategy and its reporting to members up to date	Deputy Chief Executive (Resources) and S151 Officer		Completed	★
4.	Financial Sustainability (Statutory Rec 1)	Produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively. (Decision to be made on outstanding audits as there is a consultation taking place	Deputy Chief Executive (Resources) and S151 Officer	This is to be discussed with Azets as to approach	Agreed with GT/Azets not to audit the 21/22 and 22/23 accounts. This is in line with the national statutory dispensation which was put back onto the work plan for	N/A



No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
		as to how to clear the backlog of audits nationally at present)			Parliament to be approved December 2024.	
5.	Financial Sustainability (Statutory Rec 1)	Draft accounts published up to 2023/24	Deputy Chief Executive (Resources) and S151 Officer	Quarter 4 - 2023/24	Publication of the draft accounts is currently under review due to competing demands on the Finance Team from the wider organisation. We are looking at bringing in additional resource to support with this work.	
6.	Corporate Service Transformation and Efficiency Programme (Key Rec 1)	Consultation to take place with stakeholders as part of development of new corporate plan and priorities.	Deputy Chief Executive (Resources) and Head of Transformation and Assurance	To be done for new Corporate Plan (s) and any savings exercises going forwards	Consultation on the new corporate plan is planned for Q3. Work is underway on an interim plan for 2024/25 focussing on a smaller set of priority projects, pending the development of the new plan.	
7.	Corporate Service Transformation and Efficiency	Align the MTFs to the corporate priorities in the Council's Business Plan including the costed climate change actions	Deputy Chief Executive (Resources) and Head of		Completed as part of budget setting 2024/25 To be revisited in Quarter 2 2024/25	


No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
	Programme (Key Rec 1)		Transformation and Assurance			
8.	IT (Key Rec 2)	Implement outstanding recommendation from Cyber and Network Security Audit - staff to complete cyber training	Chief Technology Officer and Information Manager	Quarter 4 - 2023/24	Staff have completed cyber training	★
9.	IT (Key Rec 2)	Finalise the change management strategy	Chief Technology Officer	Quarter 4 - 2023/24	Strategy has been drafted. Awaiting review by Head of Service. Will be presented to Leadership team in Q2	✘
10.	IT (Key Rec 2)	Finalise Information Governance Framework	Head of Law and Governance	Quarter 4 - 2023/24	Completed - approved by Cabinet	★
11.	Risk Management (Improvement Rec 2)	Review of risks in annual budget report to be consistent with corporate process	Deputy Chief Executive (Resources) and S151 Officer		Completed	★
12.	Other Related Actions	Review of Audit Reporting to Leadership Team and escalation protocols	Head of Transformation and Assurance and Chief Internal Auditor	Quarter 4 2023/24	Completed - quarterly progress reports to be discussed at Leadership Team	★

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
			and Risk Manager			
13.	Risk Management (Improvement Rec 2)	Review of risk management policy and framework - includes review of format of the Strategic Risk Register (SRR)	Head of Transformation and Assurance and Chief Internal Auditor and Risk Manager	Quarter 4 - 2023/24	Currently in draft. Awaiting review by Head of Service. Will be presented to Leadership team in Q2	
14.	Risk Management (Improvement Rec 2)	Review of guidelines on risk implications for committee reports	Head of Transformation and Assurance and Chief Internal Auditor and Risk Manager	Quarter 4 - 2023/24	Currently in draft. Awaiting review by Head of Service. Will be presented to Leadership team in Q2	
15.	Procurement and Contract Management (Improvement Rec 5)	Update the contracts register and ensure it is compliant with transparency requirements	Head of Transformation and Assurance and Leadership Team	Quarter 4 - 2023/24 (this will be the first draft to be revisited Quarter 3 2024/25)	Work in progress but has been delayed. This has been rescheduled and will be issued to Heads of Service for updating in Q3	

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
Quarter 1 2024-25						
16.	Financial Sustainability (Statutory Rec 1)	Restructure of the Finance Team and creation of additional capacity	Deputy Chief Executive (Resources) and S151 Officer	Quarter 1 - 2024/25	Restructure agreed. Job descriptions have been drafted and evaluated. Adverts due to be placed in Q2	
17.	Financial Sustainability (Statutory Rec 1)	Regular performance monitoring to be re-established with budget managers and Leadership Team.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 1 - 2024/25	Performance monitoring reports have been provided for Q3 of 23/24 but the year-end outturn has been delayed due to work on the regeneration schemes taking priority.	
18.	Financial Sustainability (Statutory Rec 1)	Reporting on the delivery of savings to be established and discussed at Strategic Leadership Team meetings. Where appropriate, project plans will be developed to support the delivery of significant/complex savings.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 1 - 2024/25	At present there is no intention of adding to the existing savings programme in place. Reporting against it will take place in line with budget monitoring when	

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
					this has been re-established.	
19.	IT (Key Rec 2)	Update IT security policy and adopt a cyber security policy	Head of Transformation and Assurance and Chief Technology Officer	Quarter 1 - 2024/25	The policy has been updated and includes cyber security. Draft policy with HOS for review prior to going to Leadership Team for approval	
20.	IT (Key Rec 2)	Provide refresher training to ensure compliance with process for 3 rd party data transfers and completion of privacy impact assessments	Chief Technology Officer and Information Manager	Quarter 1 - 2024/25	The Data Transfer Policy has been reviewed. The refresher training is going to be delivered in Q3.	
21.	IT (Key Rec 2)	Complete the IT strategy	Deputy Chief Executive (Resources)	Quarter 1 - 2024/25	Strategy has been drafted and been to Leadership Team for discussion. To be submitted to Cabinet for approval in Q2.	
22.	HR related issues (Improvement Recs 1 and 3)	Establish our culture, values and type of organisation we want to be. This work will inform the following actions	Deputy Chief Executive (Resources) and S151 Officer and Head of	Quarter 1 2024/25	A meeting has taken place with a potential facilitator for this piece of work. Timing and scope has yet to be agreed.	

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
			Transformation and Assurance			
23.	HR related issues (Improvement Recs 1 and 3)	Complete review of hybrid working. This will inform the development of the workforce strategy and the review of the Code of Conduct as well as support the development of an asset strategy.	Head of Transformation and Assurance and HR Manager	Quarter 1 2024/25	Work on this has been deferred to Q2 due to capacity issues in the HR Team and work on the Service Manager restructure taking precedence.	
24.	Risk Management (Improvement Rec 2)	Training for Leadership Team, managers, team leaders/principal officers on risk management	Head of Transformation and Assurance and Chief Internal Auditor and Risk Manager	Quarter 1 - 2024/25	Deferred to Q3 due to delay in taking the updated policy/strategy to Leadership Team for approval	
Quarter 2 2024-25						
25.	Financial Sustainability (Statutory Rec 1)	Commence recruitment to new Finance team structure	Deputy Chief Executive (Resources) and S151 Officer and	Quarter 2 - 2024/25		


No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
			Deputy S151 Officer			
26.	Financial Sustainability (Statutory Rec 1)	Lesson learnt exercise to be undertaken of implementation of the finance system	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2 - 2024/25		
27.	Financial Sustainability (Statutory Rec 1)	Training of managers in budget management and use of the new finance system.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2 - 2024/25	Presentation drafted. Sessions will be scheduled in during Q2	
28.	Financial Sustainability (Statutory Rec 1)	Review of Financial Regulations	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2 - 2024/25		
29.	Financial Sustainability (Statutory Rec 1)	Training for managers on Financial Regulations	Deputy Chief Executive (Resources)	Quarter 2 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
30.	IT (Key Rec 2)	Develop assurance reporting for IT eg report on outcome of annual health check / penetration testing to Leadership Team and Audit Committee	Head of Transformation and Assurance and Chief Technology Officer	Quarter 2 - 2024/25		
31.	IT (Key Rec 2)	Review of what we include in procurements re ICT controls and information governance	Head of Transformation and Assurance, Chief Technology Officer, Head of Law and Governance and Information Manager	Quarter 2 - 2024/25		
32.	Performance Management (Key Rec 4)	Establish a Corporate Project Management Methodology. Provide templates, guidelines, and training for key officers (LT, Service Managers and key Principal Officers/Team Leaders).	Deputy Chief Executive (Resources) and S151 Officer and Head of	Quarter 2 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
			Transformation and Assurance			
33.	Performance Management (Key Rec 4)	Establish corporate project resources to support transformation work (funding allocated in 2024/25 budget)	Deputy Chief Executive (Resources) and S151 Officer and Head of Transformation and Assurance	Quarter 2 - 2024/25	Job descriptions are being drafted	✓
34.	Performance Management (Key Rec 4)	Review of all projects, the current governance arrangements and establish project reporting to Leadership Team	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 2 - 2024/25		
35.	Risk Management (Improvement Rec 2)	Develop risk registers for each Directorate and ICT	Deputy Chief Executive (Resources), Deputy Chief Executive (Place) and Head of	Quarter 2 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
			Transformation and Assurance			
36.	Risk Management (Improvement Rec 2)	Establish escalation process between other risk registers and the SRR eg services, projects	Head of Transformation and Assurance and Chief Internal Auditor and Risk Manager	Quarter 2 - 2024/25		
37.	Procurement and Contract Management (Improvement Rec 5)	Review and update the Procurement Regulations	Deputy Chief Executive (Resources), Head of Transformation and Assurance and Head of Law and Governance	Quarter 2 - 2024/25		
38.	Procurement and Contract Management (Improvement Rec 5)	The key elements of the procurement strategy will be built into the procurement regulations rather than as a stand-alone document.	Head of Transformation and Assurance	Quarter 2 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
39.	Procurement and Contract Management (Improvement Rec 5)	Provide training for managers on procurement and contract management	Head of Transformation and Assurance	Quarter 2 - 2024/25		
40.	Other Related Actions (from AGS 2023-24)	Review of project management arrangements and project planning for the delivery of the town centre schemes.	Head of Economic Development and Planning	Quarter 2 - 2024/25		
41.	Other Related Actions (from AGS 2023-24)	Preparation of a transformation plan for Development Management to further reduce the backlog of planning applications and to manage this within the approved budget.	Head of Economic Development and Planning	Quarter 2 - 2024/25		
Quarter 3 2024-25						
42.	Financial Sustainability (Statutory Rec 1)	Follow-on zero-based budgeting session with managers to continue work started as part of the 2024/25 budget setting process	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
43.	Corporate Service Transformation and Efficiency Programme (Key Rec 1)	<p>Process to be established for developing a service transformation and efficiency programme.</p> <p>Initial steps for both:</p> <ul style="list-style-type: none"> • a discussion with the Cabinet to review priorities and key projects; • engagement with Heads of Service and Service Managers to review current service levels for statutory and discretionary services (to include high level benchmarking) - this will be a pre-cursor to bringing the services together and establish the baseline for service transformation (this will build on the initial work done on SLAs). • Range of options for efficiency savings and transformation <p>Transformation:</p> <ul style="list-style-type: none"> • Transformation options to be assessed and added to transformation programme for prioritisation. Will need to consider any investment required to deliver savings/service improvements; resourcing to deliver the changes, etc • Project Manager and Project support officer to be recruited to support delivery of transformation 	Deputy Chief Executive (Resources) and Head of Transformation and Assurance	Quarter 3 - 2024/25	<p>A transformation strategy and plan has been developed. This has been discussed with Leadership Team and will be presented to Cabinet in Q2 for approval. A workshop has been held with managers setting out the transformation process and the preparatory work stages are underway.</p> <p>A review of key priority projects has been undertaken. Once this has been finalised, it will be discussed with the Cabinet</p>	

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
		programme, funding allocated in budget 2024/25 to fund posts; <ul style="list-style-type: none"> • Training of managers and key officers in transformation techniques 				
44.	Corporate Service Transformation and Efficiency Programme (Key Rec 1)	Consultation and engagement to be embedded into the planning for the delivery of key projects where appropriate to ensure schemes meet community needs eg regeneration projects, redevelopment of play areas	Deputy Chief Executive (Resources) and Head of Transformation and Assurance	Quarter 3 - 2024/25		
45.	Fraud (Key Rec 3)	Review Anti - Fraud and Bribery Policy	Chief Internal Auditor and Risk Manager	Quarter 3 - 2024/25		
46.	Fraud (Key Rec 3)	Review of Confidential Reporting Policy	Chief Internal Auditor and Risk Manager	Quarter 3 - 2024/25		
47.	Fraud (Key Rec 3)	Assess compliance against Cipfa 2014 Code for Fraud and develop an action plan as necessary	Chief Internal Auditor and Risk Manager	Quarter 3 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
48.	HR related issues (Improvement Recs 1 and 3)	Develop a hybrid working policy and review other related policies and processes.	Head of Transformation and Assurance and HR Manager	Quarter 3 2024/25		
49.	HR related issues (Improvement Recs 1 and 3)	Review and update the Employee Code of Conduct	Head of Transformation and Assurance and Head of Law and Governance	Quarter 3 2024/25		
50.	Procurement and Contract Management (Improvement Rec 5)	Work with managers and the County's Procurement Team to develop a procurements pipeline	Head of Transformation and Assurance and Leadership Team	Quarter 3 - 2024/25		
51.	Procurement and Contract Management (Improvement Rec 5)	Process to be established for publication of key data on the Council's website to meet transparency requirements re spend data, contracts register	Deputy Chief Executive (Resources) and Head of Transformation and Assurance	Quarter 3 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
52.	Other Related Actions	Establish an inventory of key policies and a programme of periodic reviews	Leadership Team	Quarter 3 - 2024/25		
53.	Other Related Actions (from AGS 2023-24)	Review of Scheme of Delegations as part of shared services transformation.	Monitoring Officer and Leadership Team	Quarter 3 - 2024/25		
Quarter 4 2024-25						
54.	Financial Sustainability (Statutory Rec 1)	Implementation of remaining module of the finance system, ongoing development and maximising use of system functionality	Deputy Chief Executive (Resources) and S151 Officer	Quarter 4 - 2024/25		
55.	Financial Sustainability (Statutory Rec 1)	Performance reporting for Cabinet and Scrutiny to be developed. This will be done alongside the review and development of performance and risk reporting.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 4 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
56.	Fraud (Key Rec 3)	Assess fraud risks and include in risk registers as appropriate	Chief Internal Auditor and Risk Manager and Leadership Team	Quarter 4 - 2024/25		
57.	Performance Management (Key Rec 4)	Develop and adopt a performance management framework to establish golden thread from Corporate Plan to service plans through to employee reviews. Framework to include protocols for ensuring data quality	Head of Transformation and Assurance	Quarter 4 - 2024/25		
58.	Performance Management (Key Rec 4)	Review our performance report style - delivery plans and KPIs. To consider the development of performance outcome measures	Head of Transformation and Assurance	Quarter 4 - 2024/25		
59.	Performance Management (Key Rec 4)	Performance reporting for waste and leisure: <ul style="list-style-type: none"> • review of KPIs for monitoring and reporting on performance; • establish internal validation process of contract performance; and 	Head of Transformation and Assurance, Head of Operations and Head of Wellbeing	Quarter 4 - 2024/25		

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating
		<ul style="list-style-type: none"> review information reported to Cabinet / Scrutiny 				
60.	Other Related Actions	Review of Code of Governance	Head of Transformation and Assurance	Quarter 4 - 2024/25		
2025-26						
61.	Fraud (Key Rec 3)	Review the information we report on fraud work (including data matching) to the Audit Committee.	Chief Internal Auditor and Risk Manager	2025/26		
62.	HR related issues (Improvement Recs 1 and 3)	Development of a workforce strategy that links to long term transformation / shared services	Head of Transformation and Assurance and HR Manager	2025/26		
63.	Other Related Actions	Development of Assurance Model	Head of Transformation and Assurance and Chief Internal Auditor and Risk Manager	2025/26		

Agenda Item 3(b)**Internal Audit Update - September 2024**

Committee:	Audit and Accounts
Date of Meeting:	16 October 2024
Report of:	Chief Internal Auditor and Risk Manager
Portfolio:	Resources Portfolio

1 Purpose of Report

- 1.1 To present to the Audit and Accounts Committee for information a progress report on the work of Internal Audit up to 30 September 2024.

2 Recommendations

- 2.1 That the Committee note the progress report.

Reasons for Recommendations

- 2.2 The Audit and Accounts Committee have responsibility for monitoring the work of Internal Audit.

3 Key Issues

- 3.1 Attached is a progress report showing the audits which have been issued between 1 April 2024 and 30 September 2024.



4 Relationship to Corporate Priorities

- 4.1 The system of internal controls reviewed by Internal Audit is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities. Management are responsible for the control environment and should set in place policies, procedures and controls to help ensure that the system is functioning appropriately.

5 Report Detail

- 5.1 This report is a summary of the Internal Audit work between 1 April 2024 and 30 September 2024 and is a report of progress against the audit plan. **APPENDIX 1** contains progress monitoring information.

- 5.2 In previous years the progress against the approved audit plan would have been included in this update. However as a detailed plan was not approved and instead a planning methodology which would focus on scheduling work for each quarter was agreed by the Audit and Accounts Committee on 21 March 2024. The current indicative list of areas for review is contained in **APPENDIX 5**. This list has been compiled following discussions with Heads of Service.
- 5.3 As previously reported to the Audit and Accounts Committee the Internal Audit Section has been carrying two vacancies for a significant time and work has been bought in from external contractors to support the delivery of the audit plan. Following previously unsuccessful recruitment exercises further interviews were held in July. It is pleasing to report that offers have been made to candidates for both posts. The successful candidate for the Auditor post has confirmed a start date at the end of September and we have a conditional offer with a candidate for the Senior Auditor post which is awaiting final HR clearance before a start date can be confirmed. This will impact on the amount of work that can be delivered in 2024-25 so some work has again been given to the external contractor.
- 5.4 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.
- 5.5 The table below gives a summary of the level of assurance for each of the audits completed in the period. More detailed information on each of the reports issued is contained in **APPENDIX 2**.

Number of Audits	Assurance	Definition
1	Substantial 	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively. No action is required by management.
2	Partial 	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.

Number of Audits	Assurance	Definition
0	Limited !	<p>One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher.</p> <p>Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.</p>
0	No Assurance ✘	<p>One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.</p> <p>Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.</p>

5.6 **APPENDIX 3** lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.

5.7 **APPENDIX 4** shows information relating to follow-ups.

6 Implications

6.1 Financial

Nil

6.2 Legal

Nil

6.3 Human Resources

Nil

6.4 Risk Management

Nil

6.5 Equalities and Diversity

Nil

6.6 Health

Nil

6.7 Climate Change

Nil

7 Appendices

Appendix 1: Progress Monitoring

Appendix 2: Audits Completed 1 April to 30 September

Appendix 3: Audits in Progress

Appendix 4: Follow-ups Completed 1 April to 31 August

Appendix 5: Provisional Audit Plan work for 2024-25 not yet started

8 Previous Consideration

None

9 Background Papers

N/A

Contact Officer:	Stephen Baddeley
Telephone Number:	01543 464415
Ward Interest:	Nil
Report Track:	Audit and Accounts Committee 16/10/24 (Only)
Key Decision:	No

Progress Monitoring

Audits Completed to Draft	Audits In Progress
3	4

The completed and in progress figures include audits from the 2023-24 Audit Plan which have been completed this year.

Level of Assurance	No Assurance	Limited	Partial	Substantial
Number of Audits Issued in Year to date	0	0	2	1

N/A is where the nature of the review did not enable an opinion to be issued on the area under review. This is normally where the focus is narrow or where a project is at an early stage of progress.

Appendix 2

Audits Completed 1 April 2024 to 30 September 2024

Audit	Head of Service	Status	Number of High Recommendations	Number of Medium Recommendations	Assurance	Comments and Key Issues
Cloud Computing (IT)	Transformation and Assurance	Final	0	2	Partial ▲	It was found that IT were not involved in the procurement of all new Cloud Systems and Data Protection Impact Assessments had not been completed for all new systems.

Audit	Head of Service	Status	Number of High Recommendations	Number of Medium Recommendations	Assurance	Comments and Key Issues
Tree Management	Operations	Final	0	7	Partial ▲	<ul style="list-style-type: none"> • Procurement regulations were not complied with in relation to the Tree Survey contract extension for work carried out 2020-2023 • High risk trees were not inspected in between the 5 yearly cyclical inspection of the stock. • Some work closed on the system had not been completed in full. • There was a need for a Tree Management Policy and Replanting Strategy to be developed. • Some Health & Safety Risk Assessments needed review and sign-off. • Up-to-date evidence of qualifications and certification was not held for all contractors used for tree work.

Audit	Head of Service	Status	Number of High Recommendations	Number of Medium Recommendations	Assurance	Comments and Key Issues
Car Parking	Operations	Final	0	0	Substantial ✓	

Other Work Completed

In addition to the scheduled audits a piece of work was carried out in relation to Disabled Facilities Grants to allow a sign-off of an Assurance Statement for the County Council.

Appendix 3

Audits in Progress

Audit	Head of Service
IT Starters and Leavers Process	Transformation and Assurance
Capital Strategy and Capital Programme	DCE Resources
Operations - Commercial Activity	Operations
SBC Regeneration Major Projects - Guildhall site, Coop site, Station Gateway	Economic Development and Planning

Appendix 4

Follow-ups Completed 1 April 2024 to 30 September 20204

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
s106 Agreements and Projects	Economic Development and Planning	Partial ▲	2	4	0	6	Partial ▲	<ul style="list-style-type: none"> • Procedure notes are not fully updated. • There is still no requirement to confirm the s106 field in the Development Control Software has been completed. • Site inspections are still only annual • A report to agree introducing a management fee has been drafted but not yet agreed.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Streetscene	Operations	Partial ▲	0	6	0	6	Partial ▲	<p>There was still a need to:</p> <ul style="list-style-type: none"> • update work programmes for sweeping routes and shrub bed maintenance; • review Risk Assessments and Method Statements; • further control and reduce overtime worked by operatives; • finalise fleet replacement arrangements; • review and evaluate commercial activities carried out by the section. • review legal agreements relating to commercial works.
Building Control 2nd Follow-up	Regulatory Services	Partial ▲	0	1	0	1	Partial ▲	<p>The outstanding recommendation related to market testing an external supplier. This has been delayed due to a limited number of suppliers in the market.</p>
IT Strategy Resources and operational plans	Transformation and Assurance	Partial ▲	0	1	0	1	Partial ▲	<ul style="list-style-type: none"> • A digital strategy has been produced and is awaiting Cabinet approval.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
IT Asset Management	Transformation and Assurance	Partial ▲	0	1	0	1	Partial ▲	Work to look at centralising budgets is ongoing. This will allow IT to take control of the asset renewal process for laptops and ensure a rolling programme is established.
Wireless Network Security	Transformation and Assurance	Partial ▲	3	2	0	5	Partial ▲	<ul style="list-style-type: none"> The Wi-Fi and Security Policies have been updated and are waiting approval. It has been agreed an annual report with the results of the IT Health check including the security of the Wi-Fi network will be produced for Leadership Team annually.
Critical Applications security	Transformation and Assurance	Partial ▲	7	2	0	9	Partial ▲	<ul style="list-style-type: none"> Information Asset Register entries had not been completed for all critical applications. Information on patching of critical systems is planned to be reported to Leadership Team as part of an annual report on IT Security.
Remote Working	Transformation and Assurance	Partial ▲	5	0	0	5	Substantial ✓	

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Replacement Customer Relationship Management System Project	Transformation and Assurance	Partial ▲	2	0	0	2	Substantial ✓	
Cyber and Network Security (4th Follow Up)	Transformation and Assurance	Partial ▲	2	0	0	2	Substantial ✓	
Document Retention and IT Records (3rd Follow Up)	Transformation and Assurance	Partial ▲	0	0	0	0	Substantial ✓	One recommendation outstanding has now been superseded therefore the assurance has been changed to Substantial. The recommendation relation to a document marking/classification scheme however these are no longer seen as worthwhile due to the cost and manual processes required to operate.
IT Third Party Supplier Management and External Data Sharing (3rd Follow-up)	Transformation and Assurance	Partial ▲	1	0	0	1	Substantial ✓	

Appendix 5 - Provisional Audit Plan work for 2024-25 not yet started

Audit Area	Head of Service	Indicative Quarter
Homelessness and Housing Options	Wellbeing	Q2
Civil Contingencies	Regulatory	Q3
Tree Preservation Orders	Operations	Q3
Development Management - Receipt of Applications and Validations	Economic Development and Planning	Q3
Local Plan	Economic Development and Planning	Q2
UKSPF Grants and Projects	Economic Development and Planning	Q2
Food & Safety Arrangements	Regulatory	Q3
Planning Enforcement	Economic Development and Planning	Q3/Q4
Development Management - Determinations	Economic Development and Planning	Q3/Q4
Public Buildings	Housing and Corporate Assets	Q3/Q4
Housing Benefits	DCE Resources	Q3/Q4
NNDR	DCE Resources	Q3/Q4
Council Tax	DCE Resources	Q3/Q4
Payroll	DCE Resources	Q3/Q4
Civica Finance	DCE Resources	Q3/4
BACS Security and Processing	DCE Resources	Q3/4
IT Service Desk, 1st Line Support and Incident management	Transformation and Assurance	Q3/4
Website Security	Transformation and Assurance	Q3/4
Bank reconciliation	DCE Resources	Q3