



INTERNAL AUDIT SHARED SERVICE

Blaby District Council

Internal Audit Annual Report 2023/24

1. INTRODUCTION

- 1.1 This is the annual report of the Chief Audit Executive (Audit Manager) as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2023 to 31 March 2024 for Blaby District Council.
- 1.2 This report includes the Audit Manager's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.3 This report also includes:
- A summary of internal audit work carried out during 2023/24 which supports the opinion.
 - Issues relevant to the preparation of the Annual Governance Statement.
 - Internal Audit's Quality Assurance and Improvement Programme (QAIP).
 - A statement on conformance with the Public Sector Internal Audit Standards.

2. CHIEF AUDIT EXECUTIVE (AUDIT MANAGER) OPINION 2023/24

- 2.1 In line with the Public Sector Internal Audit Standards Internal Audit have worked flexibly throughout the year whilst still ensuring a sufficient level of audit coverage to allow me to give an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control (the control environment). In giving this opinion it should be noted that assurance cannot be absolute.
- 2.2 For the 12 months ended 31 March 2024, I am able to give **reasonable assurance** on the overall control environment. To be consistent with our Internal Audit opinion definitions, this means that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited. This is a positive assurance opinion overall.
- 2.3 My opinion is based on the following:
- All internal audit work undertaken during the year, this includes advisory work as well as assurance, and supports the view on internal control arrangements.
 - Follow up audit work in respect of audit recommendations.
 - My knowledge of the Council's governance and risk management structure and processes.
- 2.4 There have been no impairments to the independence of internal auditors during the year.

3. SUMMARY OF INTERNAL AUDIT WORK DURING 2023/24

- 3.1 The risk based internal audit plan for 2023/24 was presented and approved by the Audit and Standards Committee on 17 April 2023. The plan was developed to provide assurance on the adequacy and effectiveness of internal controls across a range of financial and organisational areas that were identified as part of the risk-based planning process. Progress against the plan has been reported to Audit and Standards Committee throughout the year as part of the quarterly Internal Audit progress reports.
- 3.2 A summary of the audit opinions given in 2023/24 is detailed in Table 1 below. The opinion for individual audits is included in Appendix A for information, along with a comparison of the work delivered against the audit plan.

Table 1

Opinion	Definition	Number
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited	4
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited	10
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	2
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited	-
Total number of audit reports		16

- 3.3 Internal Audit follow up progress against recommendations in line with the timescales agreed at the time of issuing reports. The Audit and Standards Committee is updated on the Council's progress against the recommendations as part of the quarterly Internal Audit progress reports, as well as giving details of ongoing or overdue recommendations. A summary of the recommendation tracking results for 2023/24 is included at Appendix B.

4. ISSUES RELEVANT TO THE PREPARATION OF THE ANNUAL GOVERNANCE STATEMENT

- 4.1 Two audit reports have been issued with limited assurance during 2023/24. These should be considered when preparing the Annual Governance Statement:

- Capital Programme Management
The main area identified for improvement were around the governance arrangements for the appraisal and approval of individual schemes and the overall monitoring and review of the capital programme.
- Sundry Debtors
The main areas identified for improvement were around the review of control account reconciliations, debt recovery, and the monitoring and reporting of aged debt.

Additionally, no assurance has been able to be obtained in relation to the management of risks and controls within the ICT service area other than evidence of a Public Sector Network Certificate.

5. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP) FOR INTERNAL AUDIT

- 5.1 The Public Sector Internal Audit Standards (PSIAS) require the QAIP to include internal and external assessments (see Appendix C for more detail).
- 5.2 The internal assessments applicable to 2023/24 include the following:
- The Audit Manager carried out documented reviews of engagement plans, working papers and draft reports prior to issue.
 - Monthly performance review meetings attended by the Audit Manager and the Strategic Directors.
 - Customer satisfaction surveys were sent out to all managers who had an audit in their service area. Eleven returns for 2023/24 were received, all with overall positive feedback.
 - Update of the Charter in September 2023.
 - Quarterly progress reports to senior management and Audit and Corporate Governance Committee which include monitoring of activity and performance.
- 5.3 The PSIAS require external assessments to be conducted at least once every five years. In December 2020 the shared internal audit service had an external quality assessment, and the full report was presented to Audit and Standards Committee on 1 February 2021.
- 5.4 It was the assessor's opinion that Internal Audit at Blaby, Charnwood, and North West Leicestershire Councils **conforms with the PSIAS**.

5.5 In addition to delivering the annual audit plan and opinion, Internal Audit have added value in the following ways:

- Supporting and undertaking elements of the pre-payment assurance checks for Grants.
- Providing ad-hoc advice throughout the year to a wide range of services to help ensure that internal controls are maintained or strengthened.
- Delivering a successful shared service to Blaby District Council and Charnwood Borough Council from 1st April 2020. This adds value to all Councils as the audit team shares learning, expertise and best practice.

6. **CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

6.1 The external assessment conducted in December 2020 concluded that there were no significant gaps in compliance.

6.2 I can confirm that during 2023/24 the Internal Audit Shared Service conformed to the Public Sector Internal Audit Standards.

Appendix A

RESULTS OF INDIVIDUAL AUDIT ASSIGNMENTS AGAINST THE 2023/24 AUDIT PLAN

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Workforce Planning	Advisory	4	-	As required						
ITrent	Advisory	2	-	As required						
Asset Management	Audit	10	-	Postponed						Postponed to 2024/25
Parks & Open Spaces	Audit	10	-	Postponed						Postponed to 2024/25
Disabled Facilities Grant Determinations	Grant	4	3	Completed	Not applicable					
Building Control	Audit	10		Postponed						Postponed to 2024/25
Sport & Physical Activity	Audit	7	3	Completed	Substantial	-	-	-	-	
Lightbulb	Advisory	5	-	Q3						
Community Triggers	Audit	10	5	Completed	Reasonable	-	1	2	3	
Temporary Accommodation	Audit	10	2	Postponed						Postponed to 2024/25
Budget Monitoring & Reporting	Audit	8	6	Completed	Reasonable	-	-	4	-	
Key Financial Systems										
Benefits	Audit -- Full	9	10	Completed	Substantial	-	-	-	-	
NNDR	Audit – Key Controls	3	2	Completed	Substantial	-	-	-	-	
Council Tax	Audit – Key Controls	3	3.5	Completed	Reasonable	-	2	1	-	
Income Collection	Audit – Key Controls	3	2	Completed	Reasonable	-	1	-	-	
Creditors	Audit – Key Controls	3	5	Completed	Reasonable	-	1	1	-	
Debtors	Audit – Full	9	4	Completed	Limited	-	4	2	-	
Main Accounting	Audit – Key Controls	3	5	Completed	Reasonable	-	3	-	-	
Payroll	Audit – Full	9	10	Completed	Reasonable	-	3	-	-	
Treasury Management	Audit – Key Controls	3	4	Completed	Substantial	-	-	-	-	

IT Asset Management	Audit	8	1							To be carried out by ICT partnership lead
Transformation projects	Advisory	5	-	As required						
Corporate Project Management	Audit	10	7.5	Completed	Reasonable	-	3	3	1	
Service Planning including Performance Management	Advisory	10	14	Completed						
Democratic Services	Audit	10	4.5	Completed	Reasonable	-	1	2	-	
UKSPF	Audit	8	3.5	Completed	Reasonable	-	1	-	-	
Capital Programme Management	Audit	10	8	Completed	Limited	-	3	2	-	
Grant assurance work	Assurance		2	Completed		-	-	-	-	

Recommendations key – see Appendix B.

Appendix B

SUMMARY OF INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP 2023/24

Internal Audit follow up progress against critical, high and medium priority recommendations in line with the timescales agreed at the time of issuing reports. Any overdue recommendations are highlighted to Audit Committee. The table below shows the progress against recommendations made by Internal Audit during 2023/24.

Recommendation Priority	Recommendations Made	Recommendations Implemented	Recommendations Outstanding (In Progress or Not Yet Due)
Critical	-	-	-
High	23	15	8
Medium	17	10	7
Total	40	25	15

Level	Definition
Critical	Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences.
High	Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks.
Medium	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Low/Advisory	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed. Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Appendix C

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2023-24

Activity	PSIAS	Result/comments	Frequency
External Quality Assessment	1310	December 2020 Assessment - no significant gaps in compliance.	Every 5 years.
Annual Declaration of Interests	1130	Forms completed in April 2023, this includes Code of Ethics and Principles.	Annual
Customer satisfaction surveys	1311	Eleven returns during 2023/24. All positive overall.	After each audit
Performance indicators reported in progress reports	1311	Performance indicators included in all quarterly reports to senior management and Audit and Corporate Governance Committee.	Quarterly
Improvement actions/continuous improvement	1311	An internal action plan produced for 2023/24 detailing improvement actions which included rolling review of the internal audit service to ensure compliance with standards.	Ongoing
Review of all audit engagements and reports	1311, 2340	All audit engagements and reports are reviewed by another auditor to ensure compliance with PSIAS in terms of meeting audit objectives and quality.	Every audit
Monthly performance reporting and meetings	1311	Monthly performance meetings with both Strategic Directors.	Monthly
Annual review of internal audit charter	1000	Shared Service Charter updated with only minor amendments and reported to Audit & Corporate Governance Committee in October 2023. Annual review takes place in September each year.	Annual
Performance and development review process for staff and training and development records.	1200	All review meetings with team have taken place and the training and development recorded within system for all training and development identified and completed. Officers recording their CPD in line with their professional body requirements do not need to duplicate records.	Annual review meetings