

## **Internal Audit Progress Report**

### **Purpose**

- 1.1 The progress report attached at Appendix 1 provides the Committee with an overview of the output from Internal Audit assurance work for the period from 12<sup>th</sup> January 2023 to 8<sup>th</sup> March 2023.

### **Recommendations**

- 2.1 To note the progress being made by Internal Audit on its work in 2022/23 in the report at Appendix 1.
- 2.2 To review the control issues being raised by Internal Audit and management's response to the risks.
- 2.3 To review the "risk accepted" response to a recommendation in the Strategic Communications audit review and decide whether as a committee it is comfortable with the decision taken by management.
- 2.4 To review the progress being made by management in respect of the implementation of internal audit recommendations.

### **Reasons**

- 3.1 The Audit and Governance Committee is responsible for providing assurance to the Council on the effectiveness of its governance arrangements, its risk management framework and the internal control environment. The work of Internal Audit supports the Committee in providing this assurance.

### **Supporting information**

- 4.1 An internal audit plan needs to take account of changes in the Council's risks. The move to a rolling quarterly based internal audit plan has helped to achieve a more responsive approach to changes in risk.
- 4.2 A report on the progress against the 2022/23 internal audit plan is attached at Appendix 1.

4.3 At its meeting on 25<sup>th</sup> January 2023, the Committee asked that the relevant officers in respect of three audit areas that have previously been reported to Committee where significant risk recommendations are still to be implemented, attend the March Committee Meeting to provide a verbal update on the current situation on the level of progress being made with the implementation of the agreed actions. These audits are:

- Bus Station – Two recommendations. The first recommendation was concerned with the fact that a reconciliation of the cash counted to amount that should have been collected could not be performed in respect of the toilet turnstile. The second concerned the control process designed around the daily cashing up and paying in process being poorly conceived.
- Bereavement Services – One recommendation relating to the cremators at Markeaton Crematorium and the options going forward.
- Neighbourhood Boards – One recommendation relating to there being no clear record of the decisions made by Members outside the normal Neighbourhood Board/Ward Committee meeting cycle.

4.4 The progress report (page 6) contains details of the recently completed audit review of the Council’s Strategic Communications. Members will note that management has opted to “risk accept” a moderate risk recommendation around significant expenditure being identified with a supplier with no formal contract in place. Management has confirmed that the spend is regularly negotiated with the supplier and that value for money is being obtained for the Council. The Head of Internal Audit has no issues with the response provided. The Committee is asked to consider the response from management (see Recommendation 2.3 of this report) and decide whether it is comfortable with the decision taken. The recommendation from the internal audit report is reproduced below.

Recommendation 3	Summary Response
<p><b>Risk Rating:</b> Moderate Risk</p> <p><b>Summary of Weakness:</b> Significant spend has been identified with a supplier with no formal contract in place.</p> <p><b>Suggested Actions:</b> We recommend and remind that all future expenditure incurred through the Communications and Marketing budget complies with the requirements set out in the Council’s Contract Procedure Rules. We would also advocate and support the further investigation of the identified £189.5k spend with a single supplier, which has already been highlighted by the Contract Management Project Team.</p>	<p><b>Responsible Officer:</b></p> <p><b>Issue Accepted</b></p> <p><b>Agreed Actions:</b> The team works to the Council’s spending panel and Contract Procedure rules. Spend identified with the supplier referenced is regularly negotiated, and an annual review and benchmarking is undertaken to ensure best possible VfM. This spend is associated with income, and it is in the interest of the Council to ensure it receives the best costs. Alongside this, work is already underway with Business Support colleagues to undertake a print contract framework.</p> <p><b>Implementation Date:</b> No further action – Risk accepted</p>

4.5 The progress report also contains an update for Committee on CMAP's progress with the actions identified in its Quality Assurance and Improvement Plan (QAIP). This can be found on pages 20 to 22 of Appendix 1.

### **Public/stakeholder engagement**

5.1 None

### **Other options**

6.1 None

### **Financial and value for money issues**

7.1 None arising directly from this report.

### **Legal implications**

8.1 None arising directly from this report.

### **Climate implications**

9.1 None arising directly from this report.

### **Socio-Economic implications**

10.1 None arising directly from this report.

### **Other significant implications**

11.1 None

**This report has been approved by the following people:**

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>		
<b>Finance</b>		
<b>Service Director(s)</b>		
<b>Report sponsor</b>	Alison Parkin, Director of Financial Services	13 <sup>th</sup> March 2023
<b>Other(s)</b>		

<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Internal Audit Progress Report