

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer – Resources****Audit Committee: 9 August 2023****Subject: Internal Audit Plan 2023/24 – Progress to 18 July 2023****1. Purpose**

1.1 The purpose of this report is to advise Members of progress at 18 July 2023 against the Internal Audit Plan for 2023/24.

1.2 The report also advises Members of:

- Recently issued Internal Audit reports and action plans; and
- Status of implementation progress relating to action plans from previously issued Internal Audit reports.

2. Recommendations

2.1 It is recommended that Members note the contents of this report.

3. Background

3.1 The annual audit plan for 2023/24 was approved by the Audit Committee on 8 May 2023. This report provides information on the progress in implementing the plan.

3.2 When audit reports are issued by Internal Audit, an action plan is agreed with management in relation to issues highlighted by the audit report. Progress on implementing the actions is monitored by Internal Audit on a monthly basis and regularly reported to the Audit Committee.

4. Main Issues

4.1. The annual audit plan sets out the audit coverage for the year utilising available staff resources to enable the Shared Service Manager – Audit & Fraud to provide the annual internal audit opinion regarding the adequacy and effectiveness of internal control within the Council.

4.2 In accordance with the risk-based audit methodology, for each audit, one of four audit opinions is expressed:

Strong	In our opinion there is a sound system of internal controls designed to ensure that the organisation is able to achieve its objectives.
Satisfactory	In our opinion isolated areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.

Requires Improvement	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
Unsatisfactory	In our opinion the control environment was considered inadequate to ensure that the organisation is able to achieve its objectives.

4.3 Detailed findings and recommendations reported to management are graded using the following criteria:

Red	In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole. Corrective action must be taken and should start immediately. Overseen to completion by Corporate Management Team.
Amber	In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole. Corrective action must be taken (some exceptions may be agreed with Internal Audit) within reasonable timeframe. Overseen to completion by Chief Officer/Head of Service.
Green	In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness. Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit. Managed by service owner. Not reported in Audit Committee papers.

4.4 There were no audit reviews finalised since the last Audit Committee meeting in June 2023. The team are finalising reviews from the 2022/23 audit plan and planning is now underway for the 2023/24 audit plan.

4.5 The status of the 2023/24 audit plan is attached at Appendix 1.

4.6 In relation to audit work for the Integration Joint Board, the 2022/23 audit plan is almost complete and the agreed audit plan for 2023/24 will now be progressed with regular reporting to the Integration Joint Board Audit & Performance Committee.

4.7 In relation to the Valuation Joint Board, the 2022/23 audit is complete. Planning for the 2023/24 audit plan has not started.

4.8 In relation to the Leisure Trust, the 2022/23 audit is complete. Planning for the 2023/24 audit plan has not started.

4.9 Internal and External Audit Action Plans

In relation to audit action plans, these are monitored by Internal Audit on a monthly basis. There were 8 actions due for completion by the end of June, 4 of which have been reported as completed by management and action dates in relation to 4 actions have been missed with revised dates now set. The status report at 30 June 2023 is provided at Appendix 2.

Ongoing Corporate Fraud Team Work

- 4.10** The Corporate Fraud team's day to day work continues to focus on referrals relating to council tax reduction/single person discounts, joint working with DWP in relation to housing benefit and council tax reduction, referrals relating to housing tenancies and investigating relevant national fraud initiative matches.
- 4.11** The Internal Audit Team and the Corporate Fraud Team continue to work together as appropriate in order to ensure a joined-up approach to fraud investigation and detection for example in relation to whistleblowing enquiries.

National Fraud Initiative

- 4.12** The National Fraud Initiative is a series of biennial exercises run by the Cabinet Office and Audit Scotland to identify or prevent fraud and error by matching electronic data held by public bodies. Participating bodies are required to investigate data discrepancies within a timescale and report back on any savings.
- 4.13** The matches for the 2022 exercise have now been received and investigations are underway. To date 440 matches have been investigated with 1 fraud being detected totalling £1,678 relating to a Housing Benefit/Student Loan match which is being recovered.

Benchmarking

- 4.14** In accordance with the Council's Strategic Improvement Framework, services should undertake benchmarking activity with the equivalent function in other Councils. Therefore, the Council's Internal Audit service has entered into a benchmarking group which involves seven other Councils, these being:

- Argyll and Bute;
- Clackmannanshire;
- East Dunbartonshire;
- Falkirk;
- West Lothian;
- Inverclyde; and
- Stirling.

- 4.15** Meetings will continue to take place during 2023 to review performance against agreed performance indicators and identify other areas for sharing of best practice.

5. People Implications

- 5.1** There are no people implications.

6. Financial and Procurement Implications

- 6.1** The Corporate Fraud Team activity can result in actual recoveries, charges and re-billings. Financial results to 30 June 2023 total £13,541.

- 6.2** There are no procurement implications arising from this report.

7. Risk Analysis

- 7.1** There is a risk that failure to deliver the Internal Audit Plan would result in an inability to provide a reasonable level of assurance over the Council's system of internal financial control to those charged with governance. The main basis for providing assurance is coverage of the planned risk-based audits. Every endeavour is made to ensure that no material slippage occurs in risk-based audits by concentrating resources on these audits.

8. Equalities Impact Assessment (EIA)

- 8.1** There are no direct equalities impacts arising from the report however where an agreed action results in a change in process this will be considered for equalities impact by the relevant service.

9. Consultation

- 9.1** This report has been subject to consultation with appropriate Chief Officers.

10. Strategic Assessment

- 10.1** This report relates to strong corporate governance.

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Laurence Slavin
Chief Officer - Resources
Date: 18 July 2023

Person to Contact:	Andi Priestman, Shared Service Manager – Audit & Fraud E-mail: andi.priestman@west-dunbarton.gov.uk
Appendices:	2023/24 Annual Audit Plan – Progress to 18 July 2023 (Appendix 1) Status of Internal Audit Action Plans at 18 July 2023 (Appendix 2)
Background Papers:	Audit Committee – 8 May 2023: Internal Audit Annual Plan 2023/24 Audit Committee – 21 March 2018: Counter Fraud and Corruption Strategy Internal Audit Reports - Copies available on request
Wards Affected:	All wards