

Brighton & Hove City Council

Audit & Standards Committee

Agenda Item 47

Subject: Internal Audit and Counter Fraud Quarter 3 Progress Report 2023/24

Date of meeting: 16th April 2024

Report of: Executive Director Governance, People and Resources

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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 The purpose of this report is to provide Members with an update on all internal audit and counter fraud activity completed during quarter 3 (2023/24), including a summary of all key audit findings. The report also includes an update on the performance of the Internal Audit Service during the period.

2. Recommendations

2.1 That the Committee note the report.

3. Context and background information

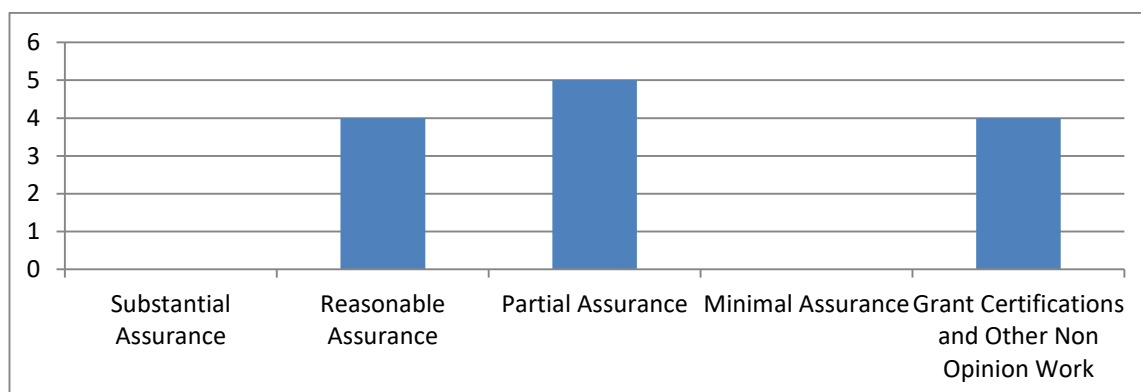
3.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2023/24 which was approved by the Audit and Standards Committee on 18th April 2023.

4. Analysis and consideration of alternative options

4.1 Full details of both the audit and counter fraud work delivered during quarter 3 are detailed in Appendix 1, together with our progress against our performance targets.

4.2 Members will note from the report that there are an increased number of partial assurance opinions arising from our work during the quarter, some of which are occurring in key financial or corporate functions.

- 4.3 We recognise that many of the issues identified are often driven by increased demand on services and capacity pressures within tight financial constraints, which have been building for some time. Whilst in the past we may have become aware of these issues developing, they are only now beginning to be evidenced, within the results of our audit work.
- 4.4 Following on from the results of our Q2 report, we continue to take the opportunity to discuss these current and emerging audit opinions with senior management, who have clearly recognised the risks of a deterioration in the control environment and have committed to taking all necessary action to address the issues arising. We will work closely with management to help support the necessary improvements and deliver prompt follow up reviews as required to provide assurance that this has taken place.
- 4.5 The audit opinions finalised in quarter 3 are summarised in the chart below, with four reasonable assurance reports and five partial assurance reports issued during the quarter. In addition, there was one grant certification, which has been included under the category “Grant Certifications and Non-Opinion work.”
- 4.6 Internal Audit resources have also been utilised in providing ongoing advice and support to the replacement of the back-office systems (ERP) and the housing repairs works management system programmes.



5. Community engagement and consultation

- 5.1 The annual report has been informed by internal audit and counter fraud work carried out during the year which has included extensive engagement with officers and members.

6. Conclusion

- 6.1 The Committee is asked to note the report.

7. Financial implications

- 7.1 It is expected that the Internal Audit Annual Plan 2023/24 will be delivered within existing budgetary resources. Progress against the plan and action taken in line with actions support the robustness and resilience of the

council's practices and procedures in support of the council's overall financial position.

Name of finance officer consulted: James Hengeveld Date consulted : 26/03/2024

8. Legal implications

- 8.1 The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account Public Sector Internal Audit Standards. Reviewing the work planned and completed by the Council's internal audit function is a key part of the Audit and Standards Committee's delegated functions.

Name of lawyer consulted: Victoria Simpson Date consulted: 04/04/2024

9. Equalities implications

- 9.1 There are no direct equalities implications.

10. Sustainability implications

- 10.1 There are no sustainability implications

11. Other Implications

- 11.1 There are no other implications.

Supporting Documentation

Appendices

1. Internal Audit and Counter Fraud Quarter 3 Progress Report 2023-24

