

Brighton & Hove City Council

Audit and Standards Committee

Agenda Item 36

Subject: Internal Audit and Counter Fraud Quarter 2 Progress Report 2023/24

Date of meeting: 30th January 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 2 (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

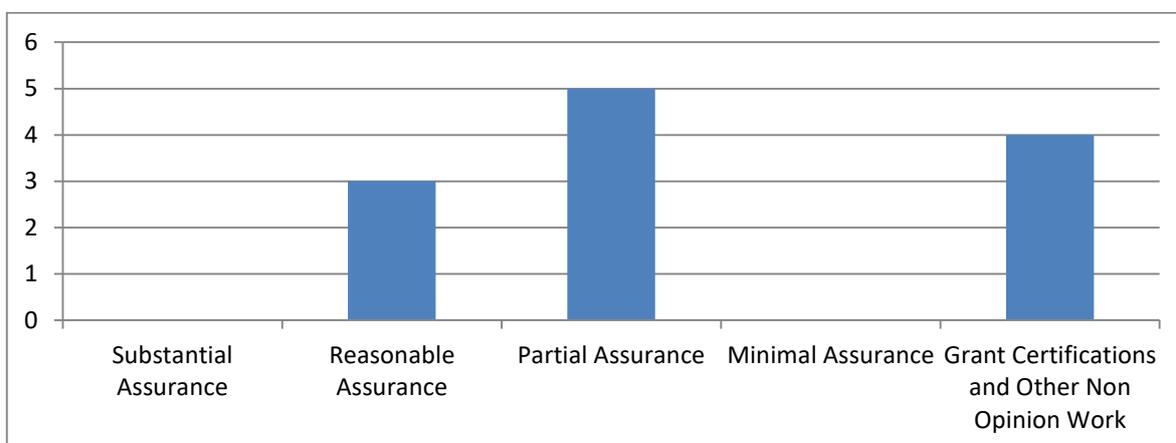
3.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2023/24 which was approved by the Audit and Standards Committee on 18th April 2023.

4. Analysis and consideration of alternative options

4.1 Full details of both the audit and counter fraud work delivered during quarter 2 are detailed in Appendix 1, together with our progress against our performance targets.

4.2 Members will note from the report that there is an increased number of partial assurance opinions arising from our work during the quarter. In addition, at the time of drafting this report, a number of other reviews were at draft report stage which are also likely to result in less favourable opinions – all of which will be reported on within our next progress report to committee.

- 4.3 Whilst these partial audit opinions are being reported on during this year, it is clear from our ongoing work that the issues identified, often driven by increased demand and capacity pressures on services, have been developing for some time and are only now beginning to be reflected in our audit opinions. Often this is a consequence of the timing of audit work given we are not able to audit services and activities on a more frequent basis.
- 4.4 In reaching this point in year, we have taken 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 therefore continue to work closely with management to help support the necessary improvement and ensure prompt follow up reviews are carried out to provide assurance that this has taken place.
- 4.5 The audit opinions finalised in quarter 2 are summarised in the chart below, with three reasonable assurance reports and five partial assurance reports issued during the quarter. In addition, there were two grant certifications, which have 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 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 :15/01/24

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 3.01.23

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

1. Appendices

1. Internal Audit and Counter Fraud Quarter 2 Progress Report 2023-24

