

Non-Executive Report of the: Audit Committee Wednesday, 4 th December 2024	 TOWER HAMLETS
Report of: Julie Lorraine - Corporate Director, Resources	Classification: Open (Unrestricted)
Internal Audit and Anti-Fraud - Progress Update Report	

Originating Officer(s)	David Dobbs – Head of Internal Audit, Anti-Fraud & Risk
Wards affected	(All Wards)

Executive Summary

This report provides a progress update on Internal Audit activity during 2024-25, including delivery against the Internal Audit Plan. The report also highlights any significant issues and concerns since the last update to the Audit Committee in October 2024,

Recommendations:

The Audit Committee is recommended to consider and note the Internal Audit progress report, including details of the assurance opinions for audits carried out as part of the 2024-25 Audit Plan (**Appendix A**).

1. REASONS FOR THE DECISIONS

1.1 The Accounts and Audit Regulations 2015 state that a relevant authority must ensure that it has a sound system of internal control which:

- Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- Ensures that the financial and operational management of the authority is effective; and
- Includes effective arrangements for the management of risk.

1.2 The Audit Committee has responsibility for oversight of the arrangements for governance, risk management and control and this report assists the Committee in discharging its responsibilities.

2. ALTERNATIVE OPTIONS

2.1 None.

3. DETAILS OF THE REPORT

Progress Update

3.1 The report attached at **Appendix A** details progress against the 2024-25 Internal Audit Plan, which was agreed by the Audit Committee at its April 2024 meeting. The report also includes details of the significant findings and concerns from the internal audits that have been completed during this period that resulted in Limited or No Assurance audit opinions. For this period, this applies to the following audits:

- Lone Working Arrangements
- Governance of King George's Field Trust
- Procurement and Management of Consultants for Capital Works
- Housing Repairs
- Procurement and Commissioning of Barristers and Solicitors

3.2 Overall progress in undertaking and completing the Internal Audit Plan for 2024-25 has continued to be slow; to address this, delays and bottlenecks are being escalated via Directorate Leadership Teams.

3.3 Moreover, there is an additional area of concern in that Internal Audit allows 15 days from issuance of a draft report for management to respond fully with an action plan including accountable officers and implementation dates. It is becoming more frequently the case that this timeline is not being adhered to and the finalisation of audits are being delayed. A corollary of this is that the issues identified by audit work are not being addressed and mitigated in a timely manner and risk exposures remain.

3.4 As previously agreed, though, some reprioritisation of the Plan will be necessary. This will have the effect of reducing the quantum of work in the Plan and also allow for the audit risk assessment to be updated in conjunction with management.

4. EQUALITIES IMPLICATIONS

4.1 There are no specific statutory implications.

5. OTHER STATUTORY IMPLICATIONS

5.1 There are no other statutory implications.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Other than the requirements on the responsible financial officer set out in the Accounts and Audit Regulations 2015, there are no significant financial implications.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Regulation 3 of the Accounts and Audit Regulations 2015 requires local authorities to have a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.
- 7.2 This report demonstrates the Council's compliance with these duties and with the duties set out in Section 151 of the Local Government Act 1972. This section requires every local authority to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs.
- 7.3 The matters set out in this report comply with the above legislation.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

A: Internal Audit – Progress report

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

- NONE

Officer contact details for documents:

David Dobbs, Head of Internal Audit, Anti-Fraud and Risk

Email: david.dobbs@towerhamlets.gov.uk