

1 Purpose

- To update members on the progress made against the 2021/22 Internal Audit Plan and to provide information on the recent work of Internal Audit.
- To update members on the outcome of the annual Public Sector Internal Audit Standards Self-Assessment.

2 Recommendations

- 2.1 Members of the Audit Committee to note the information contained in this report in respect to Internal Audit planned work undertaken between 1 July 2021 - 31 August 2021 and unplanned work to date.

3 Progress on completion of the 2021/22 Annual Audit Plan

- 3.1 Audit Committee members approved the 2021/22 Internal Audit Plan at the May 2021 committee meeting. Appendix 1 of this report shows the progress made against the 21/22 plan, 3 audits have been completed and 11 are in progress. Amendments to the audit plan have been made due to long term sickness of an auditor. As a result 5 audits have been deferred to 2022/23.

The Principal Auditor/Audit & Governance Lead Manager continue to attend service area management meetings in order to keep the audit plan relevant and focus resources on key areas.

4 Summary

- 4.1 This report provides information on the work of Internal Audit from 1 July 2021 to 31 August 2021 and provides an update on the progress of previous audit reports issued.
- 4.2 The key focus for the team during this period was the completion of audits on the annual audit plan and fulling commercial contracts.
- 4.3 The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report. All audit reports issued during the year are given an overall audit opinion based on the following criteria:

Level of Assurance/Audit Opinion & Definition	
<p style="text-align: center;">Good (Green)</p> <p>There is a sound system of control designed to address relevant risks with controls being consistently applied.</p>	<p style="text-align: center;">Reasonable (Yellow)</p> <p>There is a sound system of control but there is evidence of non-compliance with some of the controls.</p>
<p style="text-align: center;">Limited (Amber)</p> <p>Whilst there is a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.</p>	<p style="text-align: center;">Poor (Red)</p> <p>The system of control is weak and there is evidence of non-compliance with the controls that do exist.</p>

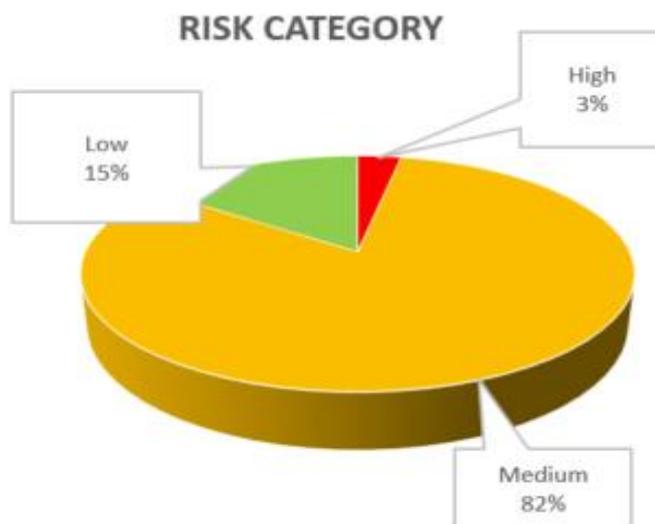
4.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

High risk = A fundamental weakness which presents material risk to the system objectives and requires immediate attention by management.

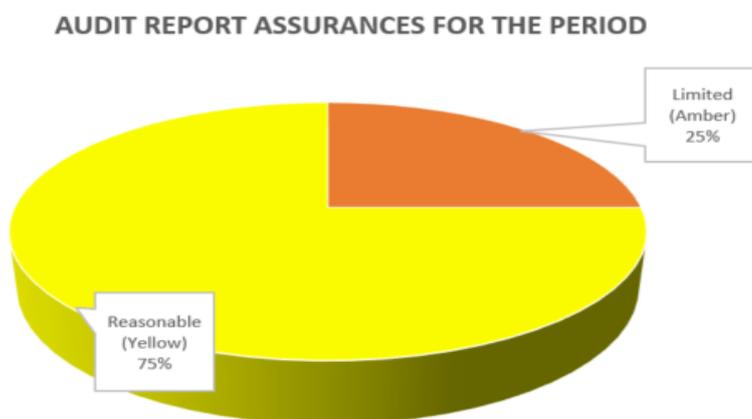
Medium risk = A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

Low risk = A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

4.5 The chart below shows the percentage of high (red segment), medium (yellow segment) and low (green segment) risk recommendations made for the reports issued during this period.



4.6 The level of assurance (based on table 4.3 above) for audit reports issued in this period is detailed below.



4.7 The information in the above pie charts is broken down in the summary table below.

AUDIT REPORTS ISSUED BETWEEN 30/6/2021 – 31/8/2021 AND CURRENT STATUS						
Area	Date of Report	Level of risk on plan	Original Audit Grade	Follow up Due	Revised Grade	Comments
Lightmoor Primary School	19/7/21	Medium	Limited	October 2021		
Corporate Complaints	23/7/21	Medium	Reasonable	January 2022		
The Linden Centre	26/7/21	Medium	Reasonable	January 2022		
Additional Home to School & College Transport Grant (2020-21)	18/8/21	Medium	Reasonable	October 2021		

4.8 Detailed below is the status of any reports previously issued and reported to Audit Committee. Members should note that once reports have reached a green status and have been reported to members they are excluded from future Audit Committee reports.

PREVIOUSLY ISSUED REPORTS & CURRENT STATUS

Area	Date of Report	Original Audit Grade	Status previously reported to Audit Committee	Current Grade	Current status / Comments
Cyber Security Follow Up	23/07/2020	Reasonable	3 rd follow up sent awaiting return	Good	Follow up completed. Revised audit opinion means no further follow up required.
Section 17 Payments	16/03/2020	Limited	3 rd follow up in progress	Reasonable	3 rd follow up undertaken. Grading changed to yellow. Further follow up to be arranged.
The Place	10/08/2020	Poor	2 nd Follow up due once the theatre has re-opened and there are transactions to test	Reasonable	Although the theatre has now reopened we need to wait for transactions / processes to be carried out to allow for further sample testing. 2 nd follow up due November 2021.
Fleet Management	17/09/2020	Poor	2 nd follow-up to be carried out following the completion and implementation of the ongoing transport review. It is anticipated that this will be towards the end of FY 21/22	Reasonable	As previous status – no change.
Setting up Home Grant	11/12/2020	Poor	2 nd follow up sent awaiting return.	Reasonable	Current follow up completed. Further follow to be arranged.
Sales Ledger	29/09/2020	Limited	2 nd follow up in progress.	Good	2 nd follow up completed. Grading changed

					to green therefore no further follow up to be undertaken.
ICT Patch Management	03/02/2021	Reasonable	Follow up in progress.	Reasonable	2 nd follow up due January 2022.
Building Capacity Grants in the Voluntary Sector	21/01/2021	Reasonable	Due July 2021.	Good	Follow up undertaken, grading changed to green
HR & Payroll (2020-21)	06/05/2021	Reasonable	During 21/22 annual audit	n/a	n/a
Business Continuity	28/06/2021	Reasonable	September 2021	n/a	n/a

Internal Audit is confident and has been assured by management that controls have and will continue to improve in all areas where recommendations have been made. There are no other issues to bring to the attention of the Committee at this time.

5 Unplanned work

5.1 The team are undertaking an unplanned piece of work on the Council's arrangements for managing conflicts of interest. This work is currently in progress and the outcome will be reported at the next Audit Committee meeting.

Work continues on the commercial contracts with Academies and Town Councils. An additional Multi-Academy Trust has recently bought into the internal audit/scrutiny function, resulting in a total of 6 Academy Trusts using our service. Internal Audit continue to look for opportunities to expand their commercial offering.

6 Quality Assurance and Improvement Programme

6.1 Internal Audit maintains a Quality Assurance and Improvement Programme that complies with the Public Sector Internal Audit Standards (PSIAS) alongside the normal quality review process applied to all audit assignments. The Audit & Governance Lead Manager undertakes an independent monthly check of randomly selected (number dependent on number of completed audits that month) completed audit files to ensure they comply with:-

- Requirements of the PSIAS
- Rules of the Code of Ethics
- Agreed Internal Audit process and procedures
- Approved Internal Audit Charter

Only minor Internal Audit procedural issues have been found from these checks and they have been fed back to the Internal Auditors during this time to aid continuous improvement in the service.

7 Public Sector Internal Audit Standards Self-Assessment

7.1 Internal Audit have completed their annual self-assessment of their operations against the Public Sector Internal Audit Standards (PSIAS). The results of the self-assessment show that Internal Audit out of 134 requirements:

- Complies with 129 of the PSIAS requirements
- Partially complies with 5 of the PSIAS requirements

The Audit Team have devised an action plan to ensure those requirements that are currently partially complied with are fully complied with in future. See Appendix 2

8 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	All members of the Audit Team have attended equal opportunities/ diversity training. If any such issues arose during any work the appropriate manager would be notified.
Environmental Impact	All members of the Audit Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager.
Legal Implications	<p>The Accounts and Audit Regulations 2015 (Part 2, paragraph 5) state that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The information set out in this report illustrates the work that has been undertaken to meet the appropriate statutory requirements.</p> <p>In the event that an audit reveals a legal issue or concern this is referred to the Council's Legal Services Team and/or the Council's Monitoring Officer as appropriate for further advice and assistance.</p> <p>RP 09/09/21</p>
Links with Corporate Priorities	All aspects of the Audit teams work support good governance which underpins the achievement of the Council's objectives and priorities.
Risks and Opportunities	All aspects of the Audit teams work supports managers and the Council to identify and manage their risks and opportunities.
Financial Implications	<p>Where Audit findings result in changes to service delivery or controls etc. the financial consequences are managed as part of the implementation of such changes. Therefore, there are no financial implications of accepting the recommendations of this report.</p> <p>TAS 9.9.21</p>
Ward Implications	The work of the Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards.

Previous minutes:

14 July 2020
1 October 2020
28 January 2021
27 May 2021
20 July 2021

Background Papers:

Annual Audit Plan 2021/22

Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013 and updated January 2017

CIPFA Local Government Application Note – April 2013

Accounts and Audit Regulations – 2015

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