



## Safest People, Safest Places

## Audit and Risk Committee

28 October 2020

## Internal Audit Progress Report

### Report of the Head of Internal Audit

#### Purpose of the Report

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2020 and 31 March 2021. The report aims to:
  - Provide a high level of assurance, or otherwise, on internal controls operated across the Authority that have been subject to audit
  - Advise the Committee of significant issues where controls need to improve to effectively manage risks
  - Advise the Committee of any amendments to the approved Internal Audit plan
  - Advise the Committee of changes to audit processes and terminology
  - Track progress on the response to internal audit reports and the implementation of agreed internal audit recommendations
  - Provide an update on our performance indicators comparing actual performance against planned.
2. The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

<b>Appendix 1</b>	<b>Progress against the Internal Audit Plan</b>
<b>Appendix 2</b>	Internal Audit Performance Indicators
<b>Appendix 3*</b>	Overdue Actions

#### Progress against planned work

3. A summary of the agreed plan showing the status of each audit as at 30 September 2020 is attached at Appendix 1.
4. Delivery of the audit plan was impacted in both the first and second quarters following the onset of the coronavirus pandemic which resulted in our agreeing to a new way of working with the Authority through remote access and where visits needed to be made and records collected, risk assessments were to be completed for each individual and location.

5. The Appendix shows that 15 reviews including five that was carried forward from 2019/20 are scheduled to be completed in 2020/21, of these:
  - Six assurance reviews are complete (final report);
  - Five assurance reviews are planned or in progress;
  - Three assurance reviews have not yet started;
  - The NFI review included under the Counter Fraud heading is in progress.
6. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 1.
7. Four reviews were completed in the period April to June 20 and pre reported to the Committee meeting on 28 July 2020 and further to this, a summary of all final assurance based, and other audit reports issued during the period through to the end of September 20 is shown in the table below:

Audit Area	Brief Scope	Assurance Opinion
<b>Ethics</b>	<b>An assurance review that reviewed the control environment concerning Ethics with regards to Members Register of Interests, Freedom of Information (FOI) Requests, and Members Allowances and Expenses.</b>	<b>Substantial</b>

***Amendments to Annual Audit Plan***

8. No amendments have been made to the annual audit plan during the period.
9. For information, further to Stephen Carter taking up the role of interim Chief Internal Auditor and Corporate Fraud Manager it has been agreed that Tracy Henderson is to undertake the interim Audit Manager’s role until a new permanent appointment is made.

***Outstanding management response to draft reports***

10. No management responses to outstanding Draft Reports are overdue.

***Response to Audit Recommendations***

11. To provide independent assurance that adequate progress is made in the implementation of agreed recommendations at the appropriate service operational level, all high and medium recommendations contained within actions plans within individual audit reports are followed up by internal audit. In addition, listings of all recommendations outstanding at the end of each month are produced and issued to a nominated representative to assist the Service in its own internal monitoring processes.
12. To allow progress made at the operational level to be tracked and monitored, the numbers of all recommendations made arising from each audit complete, and evidenced as implemented, are shown in Appendix 1. It should be noted that Internal Audit will not follow up Best Practice matters raised.
13. A summary of outstanding audit recommendations i.e. those not implemented within original agreed or revised target dates, as evidenced through Internal Audit follow up, for quarter ended 30 September 2020 is given in the table below:

Risk Category	Actions Raised	Total Due	Actions Implemented	Overdue Original	Target Revised	Overdue Revised
<b>2018/19</b>						
High	7	7	7	0	0	0
Medium	25	25	22	3	3	0
<b>Total</b>	<b>32</b>	<b>32</b>	<b>29</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>2019/20</b>						
High	7	7	7	0	0	0
Medium	7	6	4	2	2	0
<b>Total</b>	<b>14</b>	<b>13</b>	<b>11</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>2020/21</b>						
High	8	0	0	0	0	0
Medium	10	9	4	5	5	0
<b>Total</b>	<b>18</b>	<b>9</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>0</b>

14. Ten medium priority recommendations are overdue against original target implementation dates. Revised targets have been agreed in all cases with no recommendations overdue. Details of the ten recommendations are shown in Appendix 3 as a Part B Agenda Item.

#### ***Unplanned work carried out this quarter***

15. There was no unplanned work undertaken during the period.

#### ***Reports issued with a Limited Assurance Opinion***

16. No reports have been issued that resulted in a Limited Assurance Opinion.

#### **Corporate Governance**

17. Further to the approval of the Annual Governance Statement, the Corporate Governance action plan has been updated to reflect the significant issues contained within the Statement and actions that are being taken to address these. A progress update has been prepared for the Audit and Risk Committee to consider as part of the Agenda for this meeting.

#### **Counter Fraud**

18. Confirmation has been received from the Cabinet Office that submission of pension, payroll and creditors data for the latest NFI will occur in October 2020 with results of the exercise expected to be released for review from January 2021.

#### **Performance Indicators**

19. A summary of agreed target performance indicators is given in Appendix 2.

#### **Recommendation**

20. Members are **asked to**
- **consider** the outturn position in delivering the internal audit plan for 2020/21 together with that made by managers in responding to the work of internal audit to gain assurance on the adequacy and effectiveness of the internal control environment.

Tracy Henderson, Acting Audit Manager, 03000 269668

INTERNAL AUDIT SERVICES							High	High	Med	Med	Best Practice
Reviews – 2020-21	Work Schedule	Planned Days	Revised Days	Actual Days	Status	Assurance Opinion	M	I	M	I	M
Planned Work											
<b>Key Financial Systems</b>	Q3	20	20	0	Planned						
<b>Data Quality</b>	Q3	6	6	0	Planned						
<b>Assurance Management – AGS</b>	Q1-4	1	1	1.15	<b>Complete</b>	<b>N/A</b>	8	0	0	0	0
<b>Strategic Risk Management</b>	Q4	1	1	0	Planned						
<b>Ethics</b>	Q2	6	6	6.59	<b>Final Report</b>	<b>Substantial</b>	0	0	1	1	0
<b>Procurement and Contracts</b>	Q4	6	6	0	Planned						
<b>ICT Procurement</b>	Q3-4	5	5	0.17	Not yet started						
<b>ICT Strategy</b>	Q3-4	5	5	0.17	Not yet started						
<b>Telephony Management</b>	Q3-4	5	5	0.17	Not yet started						
Unplanned Work											
<b>None to Date</b>											
Counter Fraud											
<b>NFI 2020/21</b>	Q4	4	4	0.07	In Progress	<b>N/A</b>					
Audit Planning and Reporting											
<b>Audit Planning</b>	Q1-4	2	2	0.10	In Progress	<b>N/A</b>	0	0	0	0	0
<b>Advice and Reporting</b>	Q1-4	8	8	3.41	In Progress	<b>N/A</b>	0	0	0	0	0
<b>Follow Up</b>	Q1-4	2	2	0.81	In Progress	<b>N/A</b>	0	0	0	0	0
Brought Forward Reviews – 2019-20											
<b>Vital Fire Solutions</b>	Qtr3	5	5	0	In Progress						
<b>Key Financial Systems</b>	Q3	5	5	7.51	<b>Final Report</b>	<b>Substantial</b>	0	0	3	1	2
<b>VAT</b>	Q3	1	1	3.05	<b>Final Report</b>	<b>Substantial</b>	0	0	0	0	0
<b>Vehicle / Plant Management</b>	Q4	2	2	0.96	<b>Final Report</b>	<b>Substantial</b>	0	0	1	1	0
<b>Information Governance</b>	Q4	1	1	2.64	<b>Final Report</b>	<b>Moderate</b>	0	0	5	1	0
<b>TOTAL</b>		<b>85</b>	<b>85</b>	<b>26.80</b>			<b>8</b>	<b>0</b>	<b>10</b>	<b>4</b>	<b>2</b>

Appendix 1: Summary of the status of work undertaken and recommendations made and implemented

Note: The Reports for the Assurance Reviews from 2019/20 c/f were finalised during the 2020/21 reporting period and actions are being tracked accordingly.

## Appendix 2 Performance Indicators for 2020/21

Efficiency	Objective: To provide maximum assurance to inform the annual audit opinion		
KPI	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	Actual
<b>Planned audits completed</b>	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2021	90% (Quarterly)	<b>40%</b> <b>(6 out of 15 reviews completed)</b>
<b>Timeliness of Draft Reports</b>	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90% (Quarterly)	<b>100%</b> <b>(6 reports issued)</b> <b>3 days</b>
<b>Timeliness of Final Reports</b>	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also to be reported for information	95% (Quarterly)	<b>100%</b> <b>(6 reports issued)</b> <b>3 days</b>
<b>Terms of Reference</b>	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	<b>100%</b> <b>(7 TOR's issued)</b>
Quality	<b>Objective: To ensure that the service is effective and adding value</b>		
KPI	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	
<b>Recommendations agreed</b>	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	<b>100%</b> <b>(20 accepted out of 20 made)</b>
<b>Post Audit Customer Satisfaction Survey Feedback</b>	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100% (Quarterly)	<b>100%</b> <b>(4 out of 4 returned)</b> <b>Overall average score 4.5</b>
<b>Customers providing feedback Response</b>	<b>% of Customer returning satisfaction returns</b>	<b>70%</b> <b>(Quarterly)</b>	<b>80%</b> <b>(4 returned from 5 surveys issued in 2020/21)</b>