

Title: Internal Audit Progress Report: Qtr. 3 2021/22  
Lead Officer: Richard Barr  
Portfolio Holder: Councillor Hales  
Wards of the District directly affected: None directly impacted

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## **Summary**

The Report advises on progress in achieving the Internal Audit Plan 2021/22, summarises the audit work completed in the third quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

## **Recommendations**

- 1 That the report, including its appendices, be noted and, where appropriate, approved. Specifically:
    - 1.1 That Appendix 1, containing guidance on the role and responsibilities of audit committees, be noted. (Paragraph 1.2 of this report)
    - 1.2 That Appendix 2, detailing the performance of Internal Audit in completing the Audit Plan, be considered. (Para. 2.1 of this report)
    - 1.3 That Appendix 3, setting out the action plan accompanying the Internal Audit report issued in the quarter, be reviewed. (Para. 4.4)
    - 1.4 That Appendix 4, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 5.2)
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## **1 Background**

- 1.1 Members have responsibility for corporate governance, of which internal audit forms a key part.
- 1.2 Finance and Audit Scrutiny Committee is operating, in effect, as an audit committee in the context of receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources. That which relates to audit committees' relationship with internal audit and in particular the type and content of reports they should receive from internal audit is summarised in Appendix 1.
- 1.3 Essentially, the purpose of an audit committee is:
  - To provide independent assurance of the associated control environment.
  - To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

- 1.4 To help fulfil these responsibilities audit committees should review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- 1.5 The following sections provide information to satisfy these requirements.

**2 Progress Against Plan**

- 2.1 At the start of each year Members approve the Audit Plan setting out the audit assignments to be undertaken. This year’s Audit Plan had to be revised due to the resignation of a member of the Internal Audit Team (post filled from 28 February). A revised Audit Plan was approved by Members on 9 February. A detailed analysis of progress in completing the Audit Plan for 2021/22 is set out as Appendix 2.

**3 Assurance**

- 2.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness, and economy of financial and other management controls.
- 2.1 Each audit report gives an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands are shown below:

**Assurance Levels**

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with the controls that do exist.

These definitions have been developed following extensive investigation of other organisations’ practices (including commercial operations).

**4 Internal Audit Reviews Completed in the Quarter and Management Responses to Recommendations**

- 4.1 Seven audits were completed in the third quarter of 2021/22.
- 4.2 The Internal Audit reports arising from them are available for viewing on the online agenda for the meeting
- 4.3 Two audits completed in the quarter were awarded a lower than substantial assurance opinion. These were: Responding to Complaints and FOI Requests and Car Parking. Both audits were awarded a moderate level of assurance.

- 4.4 The action plans accompanying these reports are set out as Appendix 3. This details the recommendations arising together with the management responses, including target implementation dates. As can be seen in the Appendix, responses have been received from managers to all recommendations that were made in these reports.

## **5 Implementation of Recommendations Issued Previously**

- 5.1 As set out in the earlier quarterly reports, a new method of following up on recommendations has been implemented from the start of this financial year. Rather than seeking to determine the implementation status of recommendations after a set period (either three or nine months, depending on the risk rating assigned to the recommendation), the recommendations are now followed up once the implementation date has passed. Officers are also now able to provide an update as soon as they have completed the agreed action, as opposed to waiting to be chased for a response.
- 5.2 The state of implementation for all relevant recommendations is set out in Appendix 4, including **three recommendations where no response has been forthcoming**. A further recommendation is also awaiting an updated response as the response received did not address the issue that had been raised.
- 5.3 With regards to the outstanding responses, they all relate to a specific responsible officer, covering two different audits (Test and Trace, and Housing Benefit & Council Tax Reductions).
- 5.4 Where officers have not completed the recommendation in line with the original target date, they are now being asked for a new date by which the agreed action will be completed. If this is not met, this will be flagged separately in future reports to Finance & Audit Scrutiny Committee (with, as per usual protocol, the option of Members asking the officers to attend to explain the lack of progress).
- 5.5 Revised target dates had been provided for two recommendations where JMT as a whole were shown as the responsible officers. One of these was revised from November to December and has subsequently been addressed (both responses are included in Appendix 4). In the other case, the revised date had been provided in Quarter 2 and the recommendation has still not been fully addressed with a further revised date being provided
- 5.6 Two other revised target dates have been provided in relation to the Housing Repairs and Maintenance audit.

## **6 Review**

- 6.1 Members are reminded that they can see any files produced by Internal Audit that may help to confirm the level of internal control of a service, function or activity that has been audited or that help to verify the performance of Internal Audit.

## **7 Alternative Options available to Committee**

7.1 The report is not based on 'project appraisal' so this section is not applicable.

## **8 Consultation and Members' comments**

8.1 Include any comments received in response to the consultation on the report.

No comments received.

## **9 Implications of the proposal**

### **9.1 Legal/Human Rights Implications**

9.1.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

### **9.2 Financial**

9.2.1 Include a summary of the financial implications of the proposal

Not applicable.

### **9.3 Council Plan**

#### **9.3.1 External Impacts**

**People - Health, Homes, Communities**

**Services - Green, Clean, Safe**

**Money- Infrastructure, Enterprise, Employment**

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

#### **9.3.2 Internal Impacts**

**People - Effective Staff**

**Services - Maintain or Improve Services**

**Money - Firm Financial Footing over the Longer Term**

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

### **9.4 Environmental/Climate Change Implications**

9.4.1 An effective internal audit function can assist the Council achieve its environmental and climate emergency objectives

### **9.5 Analysis of the effects on Equality**

9.5.1 An effective internal audit function can help the Council achieve its equality obligations.

## 9.6 **Data Protection**

9.6.1 An effective internal audit function can help the Council achieve its data protection objectives.

## 9.7 **Health and Wellbeing**

9.7.1 An effective internal audit function can help the Council achieve its health and wellbeing objectives.

## 10 **Risk Assessment**

10.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

## 11 **Conclusion/Reasons for the Recommendation**

11.1 The report sets out progress in achieving the Internal Audit Plan 2021/22, summarises the audit work completed in the third quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit. This will aid effective governance within the Council.

### **Background papers:**

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

### **Supporting documents:**

Internal Audit Reports.

## Report Information Sheet

<b>Committee/Date</b>	Finance & Audit Scrutiny Committee – 9 March 2022	
<b>Title of report</b>	Internal Audit Progress Report: Qtr. 3 2021/22	
<b>Consultations undertaken</b>		
<b>Consultee *required</b>	<b>Date</b>	<b>Details of consultation / comments received</b>
<b>Ward Member(s)</b>		
<b>Portfolio Holder WDC &amp; SDC *</b>	11/2/2022	
<b>Financial Services *</b>		
<b>Legal Services *</b>		
<b>Other Services</b>		
<b>Chief Executive(s)</b>	10/2/2022	
<b>Head of Service(s)</b>	10/2/2022	
<b>Section 151 Officer</b>	10/2/2022	
<b>Monitoring Officer</b>	10/2/2022	
<b>CMT (WDC)</b>	10/2/2022	
<b>Leadership Co-ordination Group (WDC)</b>	10/2/2022	
<b>Other organisations</b>		
<b>Final decision by this Committee or rec to another Cttee/Council?</b>		The former.
<b>Contrary to Policy/Budget framework</b>		No
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>		No
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>		No.
<b>Accessibility Checked?</b>		File/Info/Inspect Document/Check Accessibility