

For publication

Summary of Internal Audit Reports Issued and Progress Update on the 2020/21 Internal Audit Plan

Meeting: Standards and Audit Committee

Date: 25th November 2020

Cabinet portfolio: Governance

Report by: Internal Audit Consortium Manager

For publication

1.0 Purpose of report

To present for members' information a summary of Internal Audit Reports issued during September and October 2020 in respect of the 2020/21 internal audit plan. The report also includes an appendix detailing the 2020/21 internal audit plan and progress to date.

2.0 Recommendations

2.1 That the report be noted.

2.2 That the impact of COVID 19 and the secondment of the Audit team to process business grants on the ability to complete the 2020/21 Internal Audit Plan be noted.

3.0 **Report details**

PROGRESS ON THE 2020/21 INTERNAL AUDIT PLAN

- 3.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager reports periodically to the Standards and Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.
- 3.2 The 2020/21 Internal audit plan was approved at the Standards and Audit Committee on the 5th May 2020. The internal audit team are currently working to this plan (Appendix 1).
- 3.3 A mid- year review of progress against the internal audit plan and a discussion in relation to the potential risks arising due to COVID 19 has been undertaken with the Chief Financial Officer. On the whole, it is felt that the current plan is still appropriate. For the areas reviewed it will be ensured that COVID 19 has not adversely affected the controls in place. It may still be necessary to vary the plan if specific risks emerge.
- 3.4 At the beginning of November 2020 the Senior Auditor was seconded as team leader to implement a procedure and to oversee the payment of the latest business grants due to the second lockdown. The 2 Auditors are also now aiding in the processing of the applications from Businesses. This will have a further impact on the completion of the audit plan.
- 3.5 Appendix 1 shows the 2020/21 internal audit plan and details the audits that have been completed and those in progress. It is considered that reasonable progress is being made given the circumstances.

SUMMARY OF AUDITS ISSUED

- 3.6 Attached, as Appendix 2, is a summary of reports issued during September and October 2020 for audits included in the 2020/21

internal audit plan. This period 5 reports have been issued 3 with substantial assurance and 2 with reasonable assurance.

3.7 Appendix 2 details for each report a summary of the scope and objectives of the audit, the overall conclusion of the audit and the number of recommendations made / agreed where a full response has been received.

3.8 The conclusion column of Appendix 2 gives an overall assessment of the assurance that can be given in terms of the controls in place and the system's ability to meet its objectives and manage risk in line with the definitions below.

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

3.9 In respect of the audits being reported, it is confirmed that no fraud was detected.

3.10 The production of this report ensures that Members charged with governance are aware of any internal control weaknesses or fraud identified by internal audit.

4.0 **Alternative options and reasons for rejection**

4.1 The report is for information.

5 **Recommendation**

5.1 That the report be noted.

5.2 That the impact of COVID 19 and the secondment of the Audit team to process business grants on the ability to complete the 2020/21 Internal Audit Plan be noted.

6 **Reasons for recommendation**

6.1 To inform Members of the internal audit reports issued in order that the strength of the internal controls in place can be assessed.

Decision information

Key decision number	N/A
Wards affected	All
Links to Council Plan priorities	This report links to the Council's priority to provide value for money services.

Document information

Report author	Contact number/email
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Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix 1	2020/21 Internal audit plan and progress to date
Appendix 2	Summary of Internal Audit Reports Issued

Chesterfield Borough Council Internal Audit Plan 2020/21

	Audit Complete
	Audit in Progress
	Ongoing

Main Financial Systems	Priority	Audit Days 2020/21	
Cash and Banking	M	15	
CIPFA Financial Management Code of Practice	M	10	
Creditor Payments (Accounts Payable)	H	25	
Housing / Council Tax Benefits	H	20	
Housing Rents	H	20	
Housing Repairs – Revenue (Voids)	M	20	
Council Tax	M	15	
Payroll	H	20	
VAT	L	8	
Total		153	
Other Operational Audits			
Brimington Parish Council	N/A	5	
Choice Based Lettings	M	10	
Community Safety	L	10	
Contract Final Accounts		5	
Committee report process	M	10	
Crematorium	H	12	
Healthy Living Centre	M	15	
Markets Income	M	12	
PPP Client Monitoring Procedures		5	
Rechargeable Repairs	L	10	
Refuse Collection – Domestic	L	10	
Sale of Council Houses	M	10	
Section 106 / CIL Agreements	M	12	
Stores	L	10	
Taxi Licences	M	12	
Queens Park Sports Centre	M	20	
Total		168	
Computer and IT Related			
Cyber risks / network security / DR	H	15	
Inventory / disposal of old equipment	M	10	
New system Review / upgrades		5	
Total		30	

Cross Cutting Issues			
Business Continuity Planning	M	12	
Climate Change	H	5	
Corporate Governance and Annual Governance Statement	H	18	
Ethical Governance	M	12	
Financial Advice / Working Groups/Transformation Projects		25	
Property Repairs (Non housing)	H	12	
Projects e.g. Economic Development, Town Hall restack	M	20	
Safeguarding	M	12	
Total		116	
Fraud and Corruption			
Review of Anti- Fraud Bribery and Corruption Strategy	M	3	
Total		3	
Location / Regularity			
Petty Cash	L	5	
CIPFA Apprenticeship		30	
Contingency/Special Investigations		30	
Update Test Schedules		10	
Audit Committee / Client Officer Liaison		15	
Planned Total Days 2020/21		560	

Chesterfield Borough Council – Internal Audit Consortium

Report to Standards and Audit Committee

Summary of Internal Audit Reports Issued September and October 2020

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
005	Stores	To ensure that stocks of materials etc. are well controlled.	Reasonable	8/9/2020	29/9/2020	10/9/20	6 (3ML)	6
006	Climate Change	To ensure that the Council is taking appropriate action to achieve the carbon reduction targets that have been set.	Substantial	29/9/2020	20/10/2020	Note 1	3 (1M2L)	3
007	VAT	To ensure that VAT returns are completed promptly and accurately	Substantial	29/9/2020	20/10/2020	Note 1	1L	1
008	Sale of Council Houses	To ensure that the established procedures are followed.	Reasonable	1/10/2020	22/10/2020	Note 1	2M	

Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
009	Housing Benefits and Council Tax Support	To ensure that Housing Benefits and Council Tax Support are paid promptly and accurately	Substantial	1/10/2020	22/10/2020	N/A	0	0

H = High Priority

M = Medium Priority

L = Low priority

Note 1 Response not received at time of writing report