

For publication

Internal Audit Progress Update

For Publication

Meeting: Standards and Audit Committee

Date: 3rd February 2021

Cabinet portfolio: Governance

Report by: Internal Audit Consortium Manager

Purpose of report

- To present for members' information a summary of Internal Audit Reports issued November to December 2020 and a progress update.

1.0 Recommendations

1.1 That the report be noted.

1.2 That the CIPFA guidance relating to the Head of Internal Audit Annual Opinion: Addressing the Risk of a limitation of scope be noted.

2.0 Report details

PROGRESS ON THE 2020/21 INTERNAL AUDIT PLAN

2.1 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.

- 2.2 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).
- 2.3 At the last meeting it was reported that the internal audit team had been redeployed to work on processing business grants, it was anticipated that the redeployment would be for around a month. At the request of the Service Director – Digital, HR & Customer Services it was agreed that the redeployment would be extended until the end of December and that the Senior Auditor would continue to work 2-3 days a week on business grants until the end of January 2021.
- 2.4 The redeployment means that less of the 2020/21 internal audit plan will be completed. At the end of each year the Head of Audit is required to provide an audit opinion on the Council's overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In order to provide an opinion, sufficient work needs to have been completed otherwise a limited scope opinion should be considered. There is no definition of the amount of work required to provide an opinion, this is left up to professional judgement.
- 2.5 At the end of November 2020 CIPFA issued guidance in relation to the Head of Audits Annual Opinion: Addressing the Risk of a limitation of scope (Appendix 1). At this stage I believe that by prioritising the work for the remainder of the year I will be able to give a full audit opinion. This is reliant on the team being able to concentrate on internal audit work in the remaining quarter.
- 2.6 Appendix 2 shows the 2020/21 internal audit plan and details the audits that have been completed and those in progress.

SUMMARY OF AUDITS ISSUED

- 2.7 Attached, as Appendix 3, is a summary of reports issued during November and December 2020 for audits included in the 2020/21 internal audit plan. This period 3 reports have been issued 2 with substantial assurance and 1 with reasonable assurance.

2.8 Appendix 3 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.

2.9 The assurance level is awarded in respect 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.

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

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

3.0 **Alternative options and reasons for rejection**

3.1 The report is for information.

4.0 **Recommendations**

4.1 That the report be noted.

4.2 That the CIPFA guidance relating to the Head of Internal Audit Annual Opinion: Addressing the Risk of a limitation of scope be noted.

5.0 **Reasons for recommendations**

5.1 To update Members on progress against the 2020/21 Internal Audit Plan.

5.2 To inform Members of the potential for a limited scope annual audit opinion if the audit team are unable to concentrate on internal audit work for the last quarter of the year.

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

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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	CIPFA guidance on the Head of Audits Annual Opinion: Addressing the risk of a limited opinion.
Appendix 2	2020/21 Internal audit plan and progress to date
Appendix 3	Summary of Internal Audit Reports Issued