

## For publication

### Internal Audit Progress Update

<b>Meeting:</b>	Standards and Audit Committee
<b>Date:</b>	28 <sup>th</sup> July 2021
<b>Cabinet portfolio:</b>	Governance
<b>Directorate:</b>	Finance
<b>For publication</b>	

#### **1.0 Purpose of the report**

- 1.1 To present for members' information a summary of Internal Audit Reports issued April to July 2021 and an update on the progress made in respect of the 2020/21 internal audit plan.

#### **2.0 Recommendations**

- 2.1 That the report be noted.

#### **3.0 Reason for recommendations**

- 3.1 To update Members on progress against the 2020/21 Internal Audit Plan and to provide assurance on the governance, risk and control processes in place.

#### **4.0 Report details**

- 4.1 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.
- 4.2 The 2020/21 Internal audit plan was approved at the Standards and Audit Committee on the 5<sup>th</sup> May 2020. This is the last report in respect of the

2020/21 internal audit plan as the team have now started work on the 2021/22 internal audit plan.

- 4.3 Attached, as Appendix 1, is a summary of reports issued April to July 2021 for audits included in the 2020/21 internal audit plan. This period 5 reports have been issued 2 with substantial assurance and 3 with reasonable assurance.
- 4.4 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.

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>Inadequate Assurance</b>	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.

- 4.5 No fraud has been detected.
- 4.6 Appendix 2 shows the 2020/21 internal audit plan and details the audits that have been completed and those that have been deferred. Where audits were not completed they were considered for inclusion in the 2021/22 internal audit plan following a risk assessment exercise and consultation with the Corporate Leadership Team.

## **5.0 Alternative options**

- 5.1 The report is for information.

## **6.0 Implications for consideration – Council Plan**

6.1 Audit reviews help to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

## **7.0 Implications for consideration – Financial and value for money**

7.1 Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

## **8.0 Implications for consideration – Legal**

8.1 The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance".

## **9.0 Implications for consideration – Human resources**

9.1 None.

## **10.0 Implications for consideration – Risk management**

10.1 Regular audit reviews help to ensure that risk is appropriately managed.

## **11.0 Implications for consideration – community wellbeing**

11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

## **12.0 Implications for consideration – Economy and skills**

12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, sound internal control, governance and risk

management arrangements will support the achievement of the Council's objectives.

### **13.0 Implications for consideration – Climate Change**

13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council's objectives.

### **14.0 Implications for consideration – Equality and diversity**

14.1 None

## Document information

<b>Report author</b>	
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<b>Background documents</b>	
None	
<i>This must be made available to the public for up to 4 years.</i>	
<b>Appendices to the report</b>	
Appendix 1	Reports issued April – July 2021
Appendix 2	Progress on the 2020/21 Internal Audit Plan