

## Not For publication

### Internal Audit Progress Update

<b>Meeting:</b>	Standards and Audit Committee
<b>Date:</b>	27th July 2022
<b>Cabinet portfolio:</b>	Governance
<b>Directorate:</b>	Finance
<b>Not For publication (Appendix 3 only)</b>	
This report is exempt from publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.	

#### 1.0 Purpose of the report

- 1.1 To present for members' information a summary of Internal Audit Reports issued between the end of March 2022 and the end of June 2022 in respect of the 2021/22 internal audit plan.

#### 2.0 Recommendation

- 2.1 That the report be noted.

#### 3.0 Reason for recommendation

- 3.1 To update Members on progress against the 2021/22 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 Head of the Internal Audit Consortium periodically reports 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 2021/22 Internal audit plan was approved at the Standards and Audit Committee on the 21st of April 2021.
- 4.3 Attached, as Appendix 1, is a summary of reports issued since this Committee last met in respect of the 2021/22 internal audit plan. This period 3 reports have been issued 1 with substantial assurance and 2 with limited assurance.

4.4 The limited assurance reports relate to Planning Fee Income and Non-Housing Property Repairs. Full copies of the reports can be seen at Appendices 2 and 3.

4.5 The main reasons for a limited opinion in respect of Planning Fee Income (Appendix 2) are: -

- Failure to reconcile planning income received from various sources to the planning system / bank account / Unit 4 accounting system leading to potential reputational damage if planning applications are not processed because it is believed that fees have not been received when they have / potential errors/loss of income not identified.
- No management checks are taking place meaning the lack of reconciliations above has not been identified and remedied
- Cheques are not always being banked promptly
- Income has been coded wrongly (e.g., to land charges) and this has not been identified which could affect budget forecasts / ability to successfully reconcile income received in respect of planning fees

The Main reason for a limited opinion in respect of non-housing property repairs are:  
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- Property condition surveys and maintenance plans are out of date
- It is unknown what budget is required in respect of the maintenance of non-housing properties
- There is a draft asset management plan but this still requires approval.

There is a significant risk that the current budget will not be able to fund the repairs identified by up to date condition surveys and maintenance plans.

4.5 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.

**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.

4.6 No fraud has been detected.

**5.0 Alternative options**

5.1 The report is for information.

**6.0 Implications for consideration – Financial and Value for Money**

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

**7.0 Implications for consideration – Legal**

7.1 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 into account public sector internal auditing standards or guidance”.

**8.0 Implications for consideration – Human Resources**

8.1 None

**9.0 Implications for consideration – Council Plan**

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

**10.0 Implications for consideration – Climate Change**

10.1 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.

**11.0 Implications for consideration – Equality and Diversity**

11.1 None

**12.0 Implications for consideration – Risk Management**

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

## Decision information

<b>Key decision number</b>	<i>N/A</i>
<b>Wards affected</b>	<b>None</b>

## Document information

<b>Report author</b>	
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<b>Background documents</b>	
None	
<b>Appendices to the report</b>	
Appendix 1	Reports issued in respect of the 2021/22 Internal Audit end of March 2022 to the end of June 2022
Appendix 2	Internal Audit Report – Planning Fee Income
Appendix 3	Internal Audit Report – Non-Housing Property Repairs