

Report of	Meeting	Date
Service Lead Audit and Risk	Governance Committee	Wednesday, 24 November 2021

Internal Audit Interim Report as at 29th October 2021

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. The purpose of this report is to advise members of the work undertaken in respect of the Internal Audit Plan from April 2021 to October 2021 and to give an appraisal of the Internal Audit Service's performance to date.

Recommendations to Governance Committee

2. Members are asked to note the position with regard to the Internal Audit Plan.

Corporate priorities

3. The report relates to the following corporate priorities:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

Background to the report

4. The Internal Audit Plan for 2021/22 was approved by this Committee at its meeting in April 2021 and provides for 489 days of audit work.

5. This is the first interim report for 2021/22 and covers the period between 1st April and 29th October 2021.

Internal Audit Reports

6. **Appendix A** provides a snapshot of the overall progress made in relation to the 2021/22 Internal Audit Plan, indicating which audits have been completed and their assurance rating, those that are in progress and those that have yet to start. Appendix A also shows the time planned and actually spent on individual

7. The following work has been completed between April and October 2021:

Name of Review	Assurance Rating	Comments / Key control findings
Annual Governance Statement	Not applicable	Proactive input was provided in collating information to inform the AGS Action Plan.
COVID Post Payment Assurance	Not applicable	<p>Internal Audit provided documentation to the Department for Business, Energy and Industrial Strategy (BEIS) to evidence assurance checks undertaken in relation to 15 cases. This included a sample of grants paid from each of the following schemes: Covid-19 Small Business Grant, Retail, Hospitality and Leisure Grant and Local Authority Discretionary Grant Funds.</p> <p>Internal Audit have also reviewed all the 31 matches identified by the National Fraud Initiative (NFI) in relation to the payment of the above grants. There are queries arising which are currently being investigated with a view to deciding if any further action is necessary.</p>
COVID Pre Payment Assurance	Not applicable	Internal Audit have reviewed new and existing procedures to provide assurance that they are robust, meet Government requirements and measures are in place to ensure fraudulent activity is minimised for the Restart Grant, Test & Trace and the Additional Restriction Grant.
Review of Market Walk	Substantial	This was a risk-based review and only minor improvements are required to strengthen the current arrangements in place.

Primrose Gardens	Limited	A copy of the full report has been made available for Governance Committee members.
Disabled Facilities Grants	To follow	All fieldwork has been completed for this risk-based review. The report has been drafted and is currently being finalised and will be included in the next interim report to the committee in Jan 22.
Performance Management	Adequate	<p>This review focussed on corporate performance indicators. The issues identified during the review demonstrate that there is a need for greater oversight of the data collection system by the responsible officers, in conjunction with the authorising officers.</p> <p>Due to the actions already in progress by the Performance & Partnership Team only a couple of additional improvements are required to strengthen the current control arrangements</p>
Compliance with Contract Procedure Rules (CPRs)	Substantial	From the work undertaken Internal Audit was able to establish that there was a high level of compliance with the Council's CPRs and evidence was available to support that the essential processes within the procurement cycle had been followed.
Income Collection	To follow	All fieldwork has been completed for this risk-based review. The report has been drafted and is currently being finalised and will be included in the next interim report to the committee in Jan 22.

Control Rating Key

Full	the Authority can place complete reliance on the controls. No control weaknesses exist.
Substantial	the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.
Adequate	the Authority can place only partial reliance on the controls. Some control issues need to be resolved
Limited	the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist

8. For all the reviews completed to date, management have accepted all the findings and the agreed actions in these reports will be followed up and reported on at future meetings of this committee.

Internal Audit Performance

9. **Appendix B** provides information on Internal Audit performance as at 29th October 2021. All indicators with the exception of the satisfaction rating percentage (assignment level) are below target for the following reasons:
 - Percentage of planned time used and percentage of audit plan completed. Both of these indicators are slightly below target as the recruitment exercise for the two additional posts took longer than anticipated. However, the Internal Audit team is now fully resourced.
 - Percentage of agreed actions implemented by management. Whilst the percentages are low, the actual numbers the percentages are derived from are small. Furthermore, members will recall that a systematic monitoring system was not in place to ensure the timely implementation of agreed management actions resulting in a significant backlog of actions. This system has now been introduced with each Director receiving a detailed monthly report of all outstanding Internal Audit actions within their Directorate.

Internal Audit Developments

10. The following are some of the other developments impacting upon Internal Audit.

ISO 9001:2015

11. Members were informed at the meeting in April, that Internal Audit would be seeking the re-accreditation of the ISO 9001 certification for its Quality Assurance System. Following a significant amount of work to review and update our working practices, the first surveillance visit was held recently which confirmed that the Service is on track to achieve the re-accreditation in December 2021. This clearly demonstrates that the Audit Team is seeking improved and more efficient working practices to maintain a high quality service.

Quality Assurance & Improvement Programme (PEER REVIEW)

12. The Accounts and Audit Regulations 2015 require 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 Audit Standards (PSIAS) or guidance”.
13. Members will recall that the Internal Audit Service has to provide confirmation to the Governance Committee on an annual basis that the requirements of the Public Sector Internal Audit Standards (PSIAS) are being complied with. This is usually achieved via the completion of an annual self-assessment but in addition the Council needs to arrange an independent external assessment at least once every 5 years. In Lancashire this is delivered via a programme of reciprocal peer reviews under the auspices of the Lancashire District Councils Audit Group.

14. We have recently completed the review of the Internal Audit Service of Blackburn with Darwen Council in conjunction with Burnley Borough Council. The reciprocal arrangement means that the review of Burnley Borough Council and the verification of our own self-assessment will take place during 22/23.

Climate change and air quality

15. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

16. This material presented and discussed in this report has no direct implications on equality or diversity

Risk

17. Risks are outlined and identified in the body of the report

Comments of the Statutory Finance Officer

18. Not applicable

Comments of the Monitoring Officer

19. Not applicable

There are no background papers to this report

Appendices

Appendix A – Internal Audit Plan

Appendix B - Performance Indicators as at October 2021

Report Author:	Email:	Telephone:	Date:
Dawn Highton	dawn.highton@southribble.gov.uk		11/11/21