

**Name of meeting:** CORPORATE GOVERNANCE & AUDIT COMMITTEE  
**Date:** 25<sup>th</sup> NOVEMBER 2020  
**Title of report:** QUARTERLY REPORT OF INTERNAL AUDIT Q2 2020/21  
 JULY 2020 to SEPTEMBER 2020

**Purpose of report;**  
**To provide information about internal audit work in quarter 2 of 2020/21**

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	not applicable
The Decision - Is it eligible for call in by Scrutiny?	not applicable
Date signed off by Strategic Director & name	not applicable
Is it also signed off by the Service Director for Finance IT and Transactional Services?	not applicable
Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	not applicable
Cabinet member portfolio	not applicable

**Electoral wards affected:** All

**Ward councillors consulted:** None

**Public or private:** Public with a private appendix

The appendix to this report is recommended for consideration in private because the information contained in it is exempt information within part 1 of Schedule 12A of the Local Government Act 1972 namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.

**Have you considered GDPR?** Yes

## 1. Summary

- 1.1 This report sets out the activities of Internal Audit in the second quarter of 2020/21.
- 1.2 This includes work in both Kirklees Council and its controlled subsidiary Kirklees Neighbourhood Housing Ltd.

- 1.3 The coronavirus emergency has meant that only a small amount of routine work has been completed during the period.
- 1.4 The work has included an investigation into issues raised at a housing provider, and assessment of coronavirus arrangements in a part of the council's operations, a review of direct debit arrangements, the arrangements relating to "deprivation of liberty", rent debt write offs, and the council's emergency duty arrangements in children's services.
- 1.5 Internal Audit also continued with its activity to support the information governance, stronger families, and monthly pay project, and in the drafting of annual governance statement and in the preparation of information for the national fraud initiative.
- 1.6 A substantial amount of time has been spent in supporting the implementation of the Business Rates grant scheme (where more than £92.5m has been distributed), and the local discretionary grant scheme. The processes have been particularly in support of control arrangements and the prevention and investigation of fraud. This continues as the government launches new schemes for business support as the coronavirus continues. This has so far consumed almost the equivalent of one quarter of the projected audit time available for Kirklees assurance for the year, although this is broadly in line with internal audit's objectives. Staff have also spent a smaller amount of time on supporting other council administration activities (school admissions)
- 1.7 There is a consequential effect on the ability to deliver the annual plan for 2020/21, and the need to prioritise resources, between advice and assurance, as the year progresses. There will need to be flexibility to achieve assurance required for the year 2020/21. It is perhaps impractical in the circumstances to achieve the width of assurance that would normally be provided, but it should be possible to provide assurance about core areas of operation of critical operating systems, such as the systems that control finance, accounting, payroll, debtors and creditors. The work proposed in this regard is shown in summary in the appendix to this report. A report to this committee in January 2021 will update the position on progress.
- 1.8 Last year the Chief Finance Officer commissioned a piece of work from KPMG about decision making processes in the context of council grant schemes. KPMG found that whilst there were some parts of the processes that followed good practice, there were opportunities for improvement, especially in relation to the recording of decision made by officers.
- 1.9 It was agreed at March 2018 Council that this committee consider any surveillance activities under the Regulation of Investigatory Powers Act 2000. There are none this quarter. A "virtual inspection" by the Investigatory Powers Commissioner's Office has recently taken place which identified no concerns.

## 2. **Information required to take a decision**

- 2.1 The detail of the audit work performed this quarter is contained within the private Appendix.

## 3. **Implications for the Council**

- 3.1 **Working with People** – None directly
- 3.2 **Working with Partners** – None directly
- 3.3 **Place Based Working** – None directly
- 3.4 **Improving outcomes for children**– None directly
- 3.5 **Climate change and air quality**- None directly
- 3.6 **Other (eg Legal/Financial or Human Resources)**- Although each of the sub categorisations above suggest no direct implications, the work of internal audit covers

all aspects of the Council's operations, including elements of the above, either specifically, indirectly or on a commissioned basis. The main issues relate to those areas highlighted above- where there are risks associated with basic processing arrangements and delivering sound governance and control.

**4. Consultees and their opinions**

There are no consultees to this report although heads of service/directors are involved in and respond to individual pieces of work

**5. Next steps and timelines**

5.1 To consider if any additional activity is sought. (Limited assurance audit outcomes are routinely followed up)

**6. Officer recommendations and reasons**

6.1 Members are asked to note the Internal Audit Quarterly Report and determine if any further action is sought on any matter identified.

6.2 Members are asked to consider what additional areas of assurance they may wish beyond those shown in the detailed report.

6.3 Members are also asked to note that there has been no Regulation of Investigatory Powers Act activity during the period quarter 2 2020/21.

**7. Cabinet portfolio holder's recommendations**

Not applicable

**8. Contact officer**

Martin Dearnley, Head of Risk & Internal Audit (01484 221133 x73672)

**9. Background Papers and History of Decisions**

Previous Quarterly reports, Audit Plan and confidential appendix.

**10. Service Director responsible**

Not applicable

## Appendix 1

### SCHEDULE OF KEY ASSURANCE PROCESSES.

Except where otherwise stated the assurance comes from internal audit assessment.

#### Core Financial Assurance

Payroll

Creditors

Debtors

Bank and Income Reconciliation

Council Tax

Business Rates

Procurement (includes SAP Procurement & Ordering controls, and more detailed contract and procurement arrangements)

Housing Rents

Other Rents & Property Transactions

Care First & Liquid Logic (Financial parts)

#### Other Strategic Business Controls

General IT Controls

SAP overall controls

Governance & Decision Making

Organisational Ethics

#### Other Assurance Sources

Regulation of Investigatory Powers

CQC assessments

Ofsted assessments

Other regulatory assessments