

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 20th JANUARY 2021
Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q3 2020/21
 OCTOBER 2020 to DECEMBER 2020

Purpose of report.

To provide information about internal audit work in quarter 3 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 third quarter of 2020/21.
- 1.2 This includes work in both Kirklees Council and its controlled subsidiary Kirklees Neighbourhood Housing Ltd.

- 1.3 Although Internal Audit staff have continued to work throughout the pandemic, much of the work undertaken has been unplanned (e.g. supporting the business grants schemes, school admissions appeals, special investigations) rather than routine, planned work. This has potential implications on the Head of Internal Audit's ability to give a positive annual assurance statement for 2020/21 because rather less than normal routine work has been completed so far this year. The report to the November 2020 meeting set out a plan to enable the Committee to gain broad assurance by the year end as regards the quality of the council's business control assurance arrangements. Paragraph 1.9 below sets out progress information.
- 1.4 The work reported in the period included the completion of a substantial investigation into a complaint by an individual that he was subject to discrimination by the council when it was exercising its regulatory functions.
- 1.5 There were completed planned audits that included housing rents and services charges, business centre income, grounds maintenance income collection, vehicles maintenance, taxi licencing, and client benefits, direct payments and better care fund for adult care clients.
- 1.6 Internal Audit also continued with its activity to support information governance, the stronger families and monthly pay projects, and in the preparation of information for the national fraud initiative.
- 1.7 Monitoring of the implementation of matters addressed in the Annual Governance Statement is currently taking place and will be reported to a future meeting.
- 1.8 A substantial further amount of time has been spent in supporting the implementation of the statutory and local discretionary business grant schemes. The processes have been particularly in support of control arrangements and the prevention and investigation of fraud.
- 1.9 As noted in paragraph 1.3 above the November 2020 meeting of this Committee agreed a revised Core Audit Plan to assist with the Committee responsibility to satisfy themselves about the adequacy of the council's business control and assurance arrangements. Much of the work that relates to this is taking place during quarter 4, but a substantial bank of evidence already exists through current and previous year work, and knowledge about the integrity of operational systems to enable the opinion to be formed. Subject to this work being completed, the Head of Internal Audit anticipates being able to prepare a report providing information to enable the Committee to consider their decision at its meeting planned for April 2021.
- 1.10 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. The annual return to the Regulator has been submitted, and Cabinet have been advised about the recent regulatory visit.

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 (e.g. 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 3 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

