

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 23 JULY 2021
Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q1 2021/22
 APRIL 2021 to JUNE 2021

Purpose of report.

To provide information about internal audit work in quarter 1 of 2021/22

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 first quarter of 2021/22.

- 1.2 As reported previously, Internal Audit staff have continued to work throughout the pandemic, but a normal work pattern has not yet been fully resumed. Some resources have been and continue to be devoted to fraud prevention and investigation and the working patterns of the entire council (“working from home”), and an inability to visit sites (and conducting some such audits virtually) frustrates the ability to do internal audit work, and provide a strong level of assurance, and or requires substantial additional time for work to be completed (both from the auditor and the client).
- 1.3 It is usual that quarter 1 contains a relatively low amount of completed work. This year there were only 12 pieces, of which 5 were schools. One follow-up identified that no progress had been made but it was possible to ascertain that the service was in progress to address issues. 2 of the 11 had limited assurance, both of which were into activity areas which had been identified as inadequate circa 2 years ago, relating to elements of school meals and building control. All the schools reviewed had substantial assurance attribution, and there were adequate outcomes in areas such as data management and business rates.
- 1.4 Internal Audit also continued with its activity to support a number of corporate areas, including information governance, the stronger families and monthly pay projects, and in the preparation of information for the national fraud initiative.
- 1.5 Internal Audit routinely review work that is found to not provide adequate assurance- and reports this in detail. From time to time follow up of positive assurance reports takes place. The analysis has found that 13 audits had a full implementation, and 2 more a majority of recommendations implemented. Responses are still required from a number of services/schools.
- 1.6 Monitoring of the implementation of matters addressed in the Annual Governance Statement, both relating to 2019/20 and 2020/21 will take place and be reported to a future meeting.
- 1.7 Starting from quarter 2 the reports will also include performance monitoring for audit outputs (e.g. assurance ratings), the achievement of areas of assurance (as commenced last year) and audit team performance (e.g. work completed),
- 1.8 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.
- 1.9 At the April 2021 meeting, and Annual Council changes to Financial Procedure Rules and Contract Procedure Rules were agreed. Officers from Procurement and Internal Audit have been holding training sessions to communicate the core changes. At the April meeting, Members of this Committee asked for some clarification on matters related to the financial and other compliance aspects of suppliers who are on standing lists of contractors/ internal framework contracts. Regular evaluation of matters such as financial status are carried out by officers of internal audit, and the service area.

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 also asked to note that there has been no Regulation of Investigatory Powers Act activity during the period quarter 1 2021/22.

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