

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 11 FEBRUARY 2022
Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q3 2021/22
 OCTOBER 2021 TO DECEMBER 2021

Purpose of report.

To provide information about internal audit work in quarter 3 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 third quarter of 2021/22.

- 1.2 A full normal work pattern has not yet been resumed and is unlikely to do so this year. The working patterns of the entire council (“working from home”), and an inability to visit sites (and conducting some such audits virtually) continues to an extent to frustrate 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).The extent of shift across the council to hybrid working will impact on future audit achievement and capacity. Although two additional staff will start work during the final quarter, one member of staff has chosen to transfer to another service, and one employee will leave at the end of the (financial) year so further recruitment will be necessary to achieve an adequate level of capacity.
- 1.3 The report provides information about three investigations including alleged overtime issues, misuse of a council vehicle and grant fraud. There are 11 formal completed pieces of work. All the new work had at least adequate assurance- including rent determination, right to buy and 8 schools, and whilst progress has been made on improving the compliance in the appointment of building sub-contractors, there is still a need for consistent practice.
- 1.4 Internal Audit also continued with its activity to support several governance areas and has reviewed certain grants and payment regimes, progress has been made on the “FM Review”, (that should be completed this financial year) and a report on associated parties has been prepared, and the head of audit contributes to discussion on the improvement in corporate governance.
- 1.5 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.
- 1.6 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.

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 3 2021/22.

7. Cabinet portfolio holder's recommendations

Not applicable

8. Contact officer

Martin Dearnley, Head of Risk & Internal Audit (01484 221000 x73672)

9. Background Papers and History of Decisions

Previous Quarterly Reports, Audit Plan, and confidential appendix.

10. Service Director responsible

Not applicable