



TO: Audit & Governance Committee

FROM: Head of Audit & Assurance

DATE: 30 March 2021

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: **Audit & Assurance - Progress and Outcomes to 28 February 2021**

1. PURPOSE

To inform Committee Members of the achievements and progress made by Audit & Assurance in the period from 1 December 2020 to 28 February 2021.

2. RECOMMENDATIONS

The Committee is asked to:

- discuss, review and challenge the outcomes achieved to 28 February 2021 against the annual 2020/21 Audit & Assurance Plan, as approved by the Committee on 29 July 2020.

3. BACKGROUND

The internal audit function is required to comply with the Public Sector Internal Audit Standards (PSIAS).

The PSIAS require the Head of Internal Audit to communicate any significant governance, risk management and control issues identified to the Audit Committee during the year. This Progress and Outcomes report complies with the requirements of the PSIAS by communicating any significant issues that have been identified during the year.

The work completed to date has not identified any significant governance, risk management or control issues to bring to the Committee's attention at this time. However, the Committee should consider the information provided in the following sections regarding the work carried out during the period and the summary of issues in respect of the limited assurance audit noted.

4. RATIONALE

The Council is required under the Accounts and Audit (England) Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards (PSIASs).

The work undertaken throughout the year is intended to ensure that:

- an objective and independent opinion can be provided at the year-end which meets the PSIAS and statutory governance requirements;
- it demonstrates the effectiveness of the internal audit function; and
- support is provided to Members, Directors and managers in their particular

areas of responsibility throughout the year.

5. KEY ISSUES

Outcomes achieved in the year to 28 February 2021:

Counter Fraud Activity

National Fraud Initiative (NFI)

A total of 5,835 data matches were received from the Cabinet Office in January as part of the 2020/21 National Fraud Initiative exercise (NFI 2020/21), across various Council datasets. An initial sift of these matches is currently taking place to ensure that follow up action is taken where appropriate. To date, 129 matches have been processed and a further 32 investigations are ongoing. Five errors have been identified to date, resulting in savings of £7,878 and arrangements are in place to recover this money from the individuals concerned. The table below illustrates main area of activity and the savings that have been identified so far.

Summary of Results

Area	No. of Errors	Value (£)
Benefits (Housing/Council Tax Support)	5	£7,878
TOTAL	5	£7,878

Other investigations

Audit & Assurance staff are continuing to liaise with the Police in the case of a suspected client fraud.

In addition, Audit & Assurance staff are in the process of finalising a review into the contract management issues following a whistle-blowing complaint by a member of the public to the Director of HR, Governance & Engagement.

Internal Audit

A summary of the five audits completed and finalised since the last report to Committee are detailed below:

Risk, Control & Governance Reviews	Assurance Opinion		Recommendations Agreed
	Environment	Compliance	
Payroll Core System	Adequate	Adequate	5
Bereavement Services Billing Income & Collection	Adequate	Substantial	3
Car Parking & Bus lane Enforcement Income	Substantial	Substantial	1

Procedures for Market Stall Leases	Adequate	Limited	13
St Cuthbert's CE	Adequate	Adequate	16

A brief commentary on the audit assignment where we have provided a part limited assurance opinion is set out below.

Procedures for Market Stall Leases: The agreed objective was to review the adequacy and effectiveness of the procedures in place for agreeing and processing the letting of market stalls. Adequate assurance was provided for the control environment and limited assurance has been provided for compliance with controls.

Recommendations were made to ensure that copies of signed leases were available for all stalls and to escalate any delays in obtaining a signed lease from a stallholder to a senior officer promptly. Other recommendations made included strengthening the controls and procedures relating to the reconciliation and billing of service charge costs.

Current internal audit reviews

In addition to the above completed audits, the following reviews are ongoing:

- Ofsted Inspection Framework;
- Building Control Performance Standards;
- Section 17 Payments/Financial Support for Families;
- Commercial Property Rental;
- Creditors;
- Corporate Appointee;
- Governance Arrangements;
- Planning Enforcement; and
- Mileage Payments/Staff Expenses.

In addition to the above on-going reviews, two Audit & Assurance staff have been temporarily redeployed during the period to provide support to the Revenues & Benefits team to process Test & Trace support payment applications.

Internal Audit Performance

The Departmental Business Plan includes seven targets to achieve our strategic aims. The defined targets and actual performance for the latest period and the previous period are as follows:

Performance Measure	Target	Q4 2020/21	Q3 2020/21
1. Delivery of Priority 1 Audits (Annual)	100%	100%	N/A
2. Planned Audits Completed Within Budget	90%	60%	57%
3. Final Reports Issued Within Deadline	90%	100%	100%
4. Follow Ups Undertaken Within Deadline	90%	83%	73%
5. Recommendations Implemented	90%	90%	100%
6. Client Satisfaction	75%	100%	100%

7. Compliance with PSIAS (Annual)	95%	95%	N/A
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We have provided a brief commentary on the measure where performance in the period has fallen below the agreed target:

2. Planned Assignments Completed Within Budget

Two of the five audits (40%) completed in the period were over budget. Additional time was required to complete the Bereavement Services and Parking & Bus Lane Enforcement Income audit reviews as audit staff carried these out remotely due to the pandemic restrictions. This was the first time these areas had been audited. Additional time was required for background work and planning, as well as completion of remote testing and finalisation of the report with the Department in order to ensure that the audit work was carried out in accordance with the agreed scope and met the required standards.

4. Follow Ups Undertaken Within Deadline

There was a delay in issuing one of the follow-ups that was due during the period due to staff absence. This was issued immediately on the return of the staff member.

6. POLICY IMPLICATIONS

The delivery of the Plan leads to the Annual Internal Audit Opinion Report and this, in turn, contributes directly to the Annual Governance Statement.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

8. LEGAL IMPLICATIONS

There are no legal implications arising as a result of this report.

9. RESOURCE IMPLICATIONS

There are no resource implications arising as a result of this report.

10. EQUALITY & HEALTH IMPLICATIONS

There are no equality or health implications arising as a result of this report.

11. CONSULTATIONS

Directors

Contact Officer: Colin Ferguson, Head of Audit & Assurance– Ext: 5326

Date: 19 March 2021

Background Papers: Audit & Assurance Plan 2020/21, approved by the Audit & Governance Committee on 29 July 2020.