

AUDIT COMMITTEE	AGENDA ITEM No. 5
16 NOVEMBER 2020	PUBLIC REPORT

Report of:	Pete Carpenter, Acting Corporate Director of Resources		
Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder		
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557	

INTERNAL AUDIT: MID YEAR PROGRESS REPORT 2020 / 2021

RECOMMENDATIONS	
FROM: Pete Carpenter, Acting Corporate Director of Resources	Deadline date: N/A
It is recommended that Audit Committee:	
1. Note the progress of the Internal Audit plan for 2020 / 2021	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee as a routine planned report within the 2020 / 2021 work programme of the Committee.

2. PURPOSE AND REASON FOR REPORT

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following "2.2.2.1 *To consider the annual audit report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements*".

2.2 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the council. It is based on the findings of the completed internal audits from the Annual Audit Plan 2019 / 20120 as at 30 September 2019.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. INTERNAL AUDIT UPDATE

4.1 **Background**

The details of the progress of the 2020 / 2021 plan are documented in **Appendix A** and **Appendix B**. Internal Audit utilise an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, as well as listing the audits completed, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted. We will

continue to appraise risk and refine our audit plans, therefore those audits that have yet to be started could be replaced if risk levels change

- 4.2 Due to the cancellation of the March Audit committee meeting, our Internal Audit plan was submitted to the July meeting. By that time, we were able to revise the plan based on the new risks emerging from the pandemic. This report highlights progress against this revised plan.

4.3 Resources

- 4.3.1 The 2020 / 21 plan was compiled on the basis of an in house team with an establishment of **6.1** full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor also has responsibilities for Investigations, Insurance and Corporate Complaints. Management of these non-audit activities reduced the direct audit time to 5.7 FTE.

- 4.3.2 Internal Audit has provided audit services to Vivacity and the Combined Authority for a number of years. These arrangements have come to a close this year, but some work has been carried out in the first half of the year. This work has reduced resource available for audit at Peterborough to 5.2 FTE.

- 4.3.3 Following the emergency response to the pandemic, Internal Audit team members volunteered to provide support to the Covid-19 Co-ordination Hub. This took the form of a temporary secondment for one member of the team and a one-day-a-week arrangement for another. This has further reduced audit resource to 4.0 FTE in the first half of the year. Further change may be occur should there be further call on resources to support the Councils effort against Covid-19.

- 4.3.4 The revised plan continues to highlight those audits that are not achievable within the currently available resource levels, but it remains highly flexible to respond to risks as they arise.

4.4 Performance and Outputs

- 4.4.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: SUBSTANTIAL; REASONABLE; LIMITED; and NO ASSURANCE. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews are included within **Appendix C**, once the review has been agreed and finalised. There are two reports that fall into this category at this time – IT Asset Management and Teacher’s Pensions.

- 4.4.2 Of the 47 audits planned for the year, 23 have been completed, 16 are in progress and 12 are yet to be started.

- 4.4.3 It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit from the 2020 / 2021 audit plans. There are no significant issues to be brought to the Committee’s attention at this time.

5. CONSULTATION

- 5.1 This report and accompanying appendices have been issued to the Acting Corporate Director of Resources and the Joint Director of Legal and Governance Services

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That the Audit Committee is informed of Internal Audit’s progress against the Annual Audit Plan. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work.

7. REASON FOR THE RECOMMENDATION

- 7.1 The Council is subject to the Accounts and Audit Regulations and as such must make provision for Internal Audit in accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards. It must also produce an Annual Governance Statement to be published with the Council's financial accounts. This report and associated papers demonstrate how the audit service is progressing against the audit plan how it will contribute to the Statement.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The alternative of not providing an Internal Audit service is not an option.

9. IMPLICATIONS

Financial Implications

- 9.1 During the year, Internal Audit reports will generate a series of recommendations. While implementing these may have resource implications for the various areas under review, Internal Audit discuss and agree recommendations with the auditee prior to the issue of the final audit report. Therefore it is assumed that their implementation can and will be undertaken either with existing resources or with additional resources that they can readily call upon.

Legal Implications

- 9.2 The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations. There would be a legal implication if an Internal Audit service was not provided for, and if mechanisms were not in place to carry out a review of internal control, governance and risk management as a basis for the Annual Governance Statement.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Used to prepare this report in accordance with the Local Government (Access to Information) Act 1985
- Internal Audit Annual Plan 2020 / 2021
 - Internal Audit written output (reports, memos, grant certifications)

11. APPENDICES

- 11.1 Appendix A: Internal Audit Mid Year Progress Report 2020 / 2021 (to 30 September 2020)
- Appendix B: Progress against agreed Audit Plan

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