

AUDIT COMMITTEE	AGENDA ITEM No. 5
29 NOVEMBER 2021	PUBLIC REPORT

Report of:	Peter Carpenter - Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Coles - Cabinet Member for Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

INTERNAL AUDIT PLAN 2021/2022: PROGRESS REPORT

R E C O M M E N D A T I O N S	
FROM: Steve Crabtree, Chief Internal Auditor	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <p>1. Note the progress of the Internal Audit plan for 2021 / 2022</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee as a routine planned report within the 2021 / 2022 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 of 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 2021 / 2022 as at 30 September 2021.

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 INTRODUCTION.

4.1.1 The details of the progress of the 2021 / 2022 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 RESOURCES

4.2.1 The 2021 / 2022 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 (CIA) also has responsibilities for Investigations, Insurance and Complaints. Management of these activities included within the plan was budgeted to be just over 0.5 FTE bringing direct audit time to 5.6 FTE. One full time Senior Auditor post was vacant at the time of producing the plan, leaving 4.6 FTE resource, and therefore the original plan highlighted those audits that would not be achievable if the vacancy was not filled.

4.2.2 The 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.

4.2.3 A sharing protocol with Cambridgeshire County Council has been developed to support the delivery of the plan where there is a vested interest in obtaining assurance where a shared service is in operation. It's aim is to avoid duplication and have the potential to use third party assurance where appropriate. Within the plan there are reviews that have been identified as part of this protocol with either PCC or CCC identified as the lead. Quarterly meetings are held to discuss the audits progress

4.3 PERFORMANCE AND OUTPUT

4.3.1 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 is one report that falls into this category at this time – Cyber Security.

4.3.2 Of the 61 audits planned for the year:

- 24 have been completed;
- 26 are in progress; and
- 11 are yet to be started.

4.3.3 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 2021 / 2022 audit plans. There are no significant issues to be brought to the Committee's attention at this time.

4.3.4 The overall report sets out the works completed in the first 6 months of the year. As part of the services approach to focussing on the key risks of the Council, the Audit Plan is regularly reviewed on an ongoing basis. Since the production of the report to September 2021, the Council has received a number of external reports which set out how the Council can look to move to a more sustainable financial position as well as changes in how it is governed. Various workstreams will be required to be set up to oversee the delivery on those recommendations as well as the improvement plans established. Internal Audit as part of its regular refresh of its Audit Plan will look to support and provide challenge where necessary to all aspects of this work.

5. CONSULTATION

- 5.1 This report and accompanying appendices have been issued to the Corporate Director of Resources and the Joint Director of Legal and Governance Services in line with committee report protocols. It was also circulated to PCC Budget CMT for consultation.

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.

Equalities Implications

- 9.3 Not applicable.

10. BACKGROUND DOCUMENTS

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

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- Internal Audit Annual Plan 2021 / 2022
- Internal Audit written output (reports, memos, grant certifications)

- 10.1 None

11. APPENDICES

- 11.1 Appendix A: Internal Audit Mid Year Progress Report 2021 / 2022 (to 30 September 2021)

Appendix B: Progress against agreed Audit Plan
Appendix C: Limited Assurance Audit Report(s)