

28 APRIL 2022

Internal Audit Progress Report 2021/22 & KPIs – as at the end of Quarter 4

Ward(s): All

Portfolios: All

Purpose: For Information

1. Aim

- 1.1 The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.
- 1.2 Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

2. Summary

- 2.1 This report provides an update to Audit Committee on Internal Audit's progress against the 2021/22 audit plan as at the end of quarter 4.

3. Recommendations

That Audit Committee notes the contents of this report and comments accordingly.

4. Report detail – know

- 4.1 Part of Internal Audit's role is to provide assurance on the council's performance and risk management arrangements. Internal Audit's programme of work is risk assessed to ensure areas most at risk are examined as a priority.
- 4.2 Regular updates are provided to Audit Committee on progress against the approved Internal Audit plan.
- 4.3 Key performance indicator (KPI) performance for quarter 4 of 2021/22 is detailed below. All KPIs were on target except for ten draft reports which were not issued within 6 weeks of commencement. This was due to a combination of requesting additional information at the review stage to complete the audits, and some delays to receiving the information from the auditees to complete the testing.

| Standard | Target | Actual as at 31/3/22 |
|---|---|--|
| Achieve the Annual Audit Plan | >95% audits in the annual plan to be completed to draft report stage within 15 working days of the 31 March of each year. | 15 working days is 25th April. As at 19th April, 40/45 audits issued (89%) |
| Produce annual report which includes an overall assurance opinion for the Council for the year and provides assurance that the system of risk management and identification is suitable and sufficient for the purposes of the Annual Governance Statement. | To be produced and issued to the Chief Finance Officer in accordance with the Audit Committee Work Programme & Timetable, or within 30 working days from 31 March each year (whichever is shorter). | End of Year Measure - due to be presented at June Committee |
| Annual review and report on the effectiveness of the risk management strategy and its application with comments and recommendations for changes. | To be produced and issued to the Chief Finance Officer in accordance with the Audit Committee Work Programme & Timetable. | Ongoing Risk Management work with the Council and included within Annual Report |
| Effective completion of audit work. | >95% draft reports, which include relevant recommendations, are issued within 6 weeks of the commencement of work. | 30/40 75% |
| Produce quarterly progress report in accordance with the specification. | To be produced and issued to the Chief Finance Officer within 15 working days of the end of each quarter. | Q4 monitoring meeting to be held 27 th April |
| Produce a six monthly risk management update report | To be produced and issued to the Chief Finance Officer in accordance with the CMT and Audit Committee Work Programme & Timetable, or within 30 working days of the end of each half year period (whichever is shorter). | Strategic Risk Register updates regularly presented to CMT and Audit Committee. Risk sessions take place periodically across the Council |
| Six month review of Strategic Risk Register (SRR) and report for Corporate Management Team and Audit Committee | To be produced and issued to the Chief Finance Officer in accordance with the CMT and Audit Committee Work Programme & Timetable, or within 30 working days of the end of each half year period (whichever is shorter). | Strategic Risk Register updates presented to CMT and Audit Committee. Latest update to Audit Committee February 2022 |

4.4 The following table sets out the Performance Standards against which the success of the contract is measured. Quarter 4 performance for 2021/22 is currently on target apart from the requirement to produce reports within 10 working days of the exit meeting. During quarter 4, issuing reports was impacted by volume of reports to be issued, along with several staff absences due to Covid-19. Average number of days to issue 40 reports was 14.

| Standard | Target | Actual as at 31/12/21 |
|--|--|--|
| Notification of planned audits to Secondary Clients (not surprise visits) within the time period agreed with them. | Secondary Clients to be notified of the start date of each audit (100%) within the time period agreed with them (up to a maximum of 15 days). | 45/45 100% |
| Issue audit brief within the time period agree with the Secondary Client. | 100% of audit briefs to be submitted to the Secondary Client for comment and approval within the time period agreed with them prior to commencement date of each audit (up to a maximum of 10 days). | 45/45 100% |
| Conduct exit meetings within the time period agreed with the Secondary Client. | 100% to be carried out with Secondary client or their representative, within the time period agreed with them, from completion of all audit work at a mutually agreed time. | 40/40 100% |
| Produce draft report, which reflects the agreed brief. | >95% to be produced and issued by the date set out in the terms of reference and within 10 working days of the exit meeting. | 25/40 63% |
| Produce final report within the time period agreed with the secondary client (>95%) | 95% to be produced and issued with 5 working days of receipt of management response to draft report. | 28/29 97% |
| Complete National Fraud Initiative (NFI) data matching exercise. | Ensure that all data matches are reviewed and investigated in accordance with the timetables provided. | 2020/21 data uploaded, matches were released mid April 2021. Next data to be submitted October 2022. |
| Counter fraud work | To maintain and update counter fraud policies, the counter fraud toolkit, training and other counter fraud work as agreed in advance with the Chief Finance Officer. | Ongoing as required |
| Follow up on all high priority actions | Reports produced in accordance with timetables set out in the Specification. | Ongoing and progress reported to each Audit Committee |
| Specialist IT / risk audits | Quarterly report detailing percentage of time of qualified or specialist staff utilised in delivery of the audit and risk work undertaken during the quarter | Completed as part of monitoring information |
| Respond to unsatisfactory client satisfaction questionnaires/CMT feedback | To be provided to the Chief Finance Officer within 10 working days of the feedback being received. | N/A |

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|--|---|--|
| Attendance at planned meetings with both the Chief Finance Officer and external audit as detailed throughout this specification. | Meetings attended by Contract Manager | Ongoing |
| Attend the Audit Committee meetings in accordance with the Audit Committee Work Programme and Timetable | Meetings attended by Partner or Director or Contract Manager | Ongoing |
| Standard | Target | Actual as at 31/12/21 |
| Provision of audit helpline and confidential reporting hotline answer phone facility, and provision of summary of advice provided within the agreed time period. | Summary of audit advice provided, and summary of confidential reports received and action taken to be submitted to chief Finance Officer prior to discussion at quarterly meetings. | Completed as part of monitoring information |
| Quality control system | Copy to be provided to Chief Finance Officer on an annual basis | Provided |
| Compliance with the PSIAS via external accreditation | To provide evidence of the external accreditation | External Assessment completed in 2019 and results shared with Chief Finance Officer. |
| Provide training, as agreed with the Chief Finance Officer, for Council Officers, Project Managers and Members in the principles and practices of Audit and Risk Management. | Provision of training as agreed by the Chief Finance Officer | Member training scheduled in Audit Committee work programme |

5. Financial information

- 5.1 There are no direct financial implications arising from this report, however good internal controls and monitoring and reporting of risks supports good financial management. The Internal Audit plan includes audits on the council's key financial systems.

6. Reducing Inequalities

- 6.1 Effective governance arrangements ensure a focus on delivering of Corporate Plan objectives, a key driver of which is reducing inequalities.

7. Decide

- 7.1 Audit Committee may wish to comment on the progress report or KPI's.

8. Respond

- 8.1 All Internal Audit reports afforded High priority recommendations in 2021/22 will be submitted to Audit Committee for consideration. The Audit Committee may call relevant accountable senior managers to provide re-assurance that actions are being taken to address the identified weaknesses in control.

9. Review

- 9.1 Internal Audit will follow up on all High priority recommendations and report progress back to Audit Committee.

Background papers

Internal audit plan 2021/22

Internal audit reports

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