

Audit Committee – 12 April 2021

Internal Audit Progress Report 2020/21 & Indicative KPIs – as at the end of Quarter 4

1. Summary of report

- 1.1 This report provides an update to Audit Committee on Internal Audit's progress against the 2020/21 audit plan as at the end of quarter 4. The indicative quarter 4 KPIs will be subject to amendment post the year-end.

2. Recommendations

- 2.1 That Audit Committee notes the contents of this report and progress against the 2020/21 internal audit plan, and associated KPI performance.
- 2.2 That Audit Committee considers the proposed changes to the Internal Audit opinion and recommendation classifications proposed from April 2021, as set out in Appendix 1.

3. Background

- 3.1 The audits in the plan have been proposed on the basis of the Council's current Strategic and Directorate Risk Registers, the Walsall Proud Programme which will continue to give rise to significant change in the organisation in 2020/21, any emerging legislation which will impact the Council in 2020/21 and the continuing impacts of Covid-19.
- 3.2 Although the impact of Covid-19 and remote working continues, delivery of the audit programme has progressed by amending processes to accommodate the new working arrangements. The lockdown imposed in January 2021 has had an impact on the length of time it has taken to complete the work and review the work ready for issue of draft report. While the length of time needed to carry out an audit has increased slightly, this has not impacted the ability to obtain the information required to provide our assurances. A full update on internal audit progress is provided at Appendix 1.

4. Resource and Legal Consideration

- 4.1 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 its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

5. Citizen Impact

- 5.1 Internal audit work is intended to ensure that effective systems of internal control are in place. This protects the council and its officers and provides an assurance to stakeholders and citizens regarding the security of the council's operations.

6. Performance and Risk Management issues

- 6.1 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.
- 6.2 Regular updates are provided to Audit Committee on progress against the approved Internal Audit Plan for 2020/21.
- 6.3 KPI performance for quarter 4 of 2020/21 (noting that given the timing of the committee performance for quarter 4 as set out is currently indicative and will be subject to amendment post the year-end) is detailed below. All KPI's currently on target with the exception of issuing draft reports within 6 weeks of commencement where a number of audits completed during quarter 4 are subject to ongoing discussions with service areas prior to issue, and where the current position with the lockdown imposed in January 2021 has had an impact on the length of time it has taken to complete the work and review the work ready for issue of draft reports.

Standard	Target	Indicative Position as at 31/03/21
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.	End of Year Measure - not yet reached target
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 - not yet reached target
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
Effective completion of audit work.	>95% draft reports, which include relevant recommendations, are issued within 6 weeks of the commencement of work.	21/32 66% Exceptions: Housing Benefit & Council Tax Support, Payments to Suppliers, Main Accounting, AR, AP, CTAX/NNDR, Whistleblowing, HR Grievance Process, Home to School Transport, Pool Hayes Primary, St Bernadette's Primary.

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Standard	Target	Indicative Position as at 31/03/21
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.	Met for Quarter 3 - not yet reached Quarter 4 target
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 across the Council ongoing
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. Next update to Audit Committee June/July 2021

6.4 The following table sets out the Performance Standards against which the success of the contract is measured. Quarter 4 performance for 2020/21 (again noting that given the timing of the committee performance for quarter 4 as set out is currently indicative and will be subject to amendment post the year-end) is set out below.

6.5 All areas are currently on target for all areas apart from two. Firstly the requirement to produce draft reports within 10 working days of the exit meeting where as part of the quarter 1 performance a variance was previously highlighted relating to 2 audits that had seen slight delays (11 and 12 days respectively rather than 10) due to the impact of Covid-19 and remote working at that time, during quarter 3 a further 2 audits saw delays in this area due to temporary manager absence and the need for additional management cover to be put in place, and during quarter 4 a further 5 audits have seen delays due to ongoing discussions with service areas prior to issue. Secondly during quarter 4 the requirement to produce final reports within 5 working days of receipt of management responses has also seen 3 delays due to the need to request further information following provision of management responses, and where the current position with the lockdown imposed in January 2021 has had an impact on the length of time it has taken to complete the work and review the work ready for issue of reports.

Standard	Target	Indicative Position as at 31/03/21
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).	41/41 100%
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).	41/41 100%

Standard	Target	Indicative Position as at 31/03/21
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.	32/32 100%
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.	21/32 66% Exceptions: HB & CTS, Blue Coat Federation, Castlefort Primary School, Whetstone Primary, St Bernadette's Primary, Pool Hayes Primary, Payments to Suppliers, Home to School Transport, CTAX/NNDR, Budgetary Control, Accounts Payable.
Produce final report within the time period agreed with the secondary client (>95%)	100% to be produced and issued with 5 working days of receipt of management response to draft report.	25/28 89% Exceptions: Whistleblowing, Pool Hayes Primary, St Bernadette's Primary
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 due end of March 2021.
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 - see revised Fraud Strategy
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
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

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Standard	Target	Indicative Position as at 31/03/21
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

7. Equality Implications

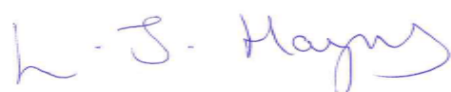
- 7.1 Internal audit has full regard to equalities both within the internal audit service and in the services / activities under review.

8. Consultation

- 8.1 The annual work plan 2020/21 was consulted upon before its endorsement by executive directors, senior managers, and the Chief Finance Officer. It will be presented to Audit Committee in a separate agenda item at this meeting.

9. Background Papers

- 9.1 Internal Audit reports/monitoring information



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