

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY,
21 OCTOBER 2020**



Title of Report	INTERNAL AUDIT PROGRESS REPORT	
Presented by	Lisa Marron Audit Manager	
Background Papers	Public Sector Internal Audit Standards Internal Audit Plan 2020/21	Public Report: Yes
Purpose of Report	To inform the Committee of progress against the Internal Audit plan for 2020/21 and to highlight any incidences of significant control failings or weaknesses that have been identified.	
Recommendations	THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT.	

1. BACKGROUND

- 1.1 The Public Sector Internal Audit Standards require the Authority's Audit Committee to approve the audit plan and monitor progress against it. The Standards state that the Committee should receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2020/21 Audit Plan on 17 March 2020. The Committee receives quarterly progress reports.

2. PROGRESS REPORT

- 2.1 The Internal Audit Progress Report for the period 01 July 2020 to 30 September 2020 (Q2) is attached at Appendix 1.

Policies and other considerations, as appropriate	
Council Priorities:	An effective internal audit service supports all council priorities.
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment and Climate Change:	None.
Consultation/Community Engagement:	None.
Risks:	There are no specific risks associated with this report.
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INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2020/21 Q2

1. Introduction

- 1.1 Internal Audit is provided through a shared service arrangement by North West Leicestershire District Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2020/21 Internal Audit Plan up to 30th September 2020.

2 Internal Audit Plan Update

- 2.1 During Q2 the Audit Manager liaised with CLT to review the 2020/21 audit plan and ensure that it reflects the changing risks following changes to services during the Covid-19 response. This has resulted in some audits being removed from the plan and a refocus and prioritisation of audit resources on the key financial systems and new risk areas. The updated plan can be found at Appendix A, with the original plan included at Appendix B for information.

3 Internal Audit Recommendations

- 3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. All ongoing Internal Audit recommendations are included in Appendix C for information.
- 3.2 It is noted that a number of recommendations due to be implemented have been delayed due to the impact of Covid-19 on the individual services. The Audit Manager does not have any concerns to highlight at this time and where appropriate extensions to target dates have been agreed.

4 Internal Audit Performance Indicators

- 4.1 Progress against the agreed Internal Audit performance targets is documented in Appendix D. Up until the end of Q2 the audit team were mostly redeployed to support the COVID-19 response. In agreement with CLT the audit plan was reviewed and work started on the plan as soon as possible. Whilst no audits have been completed at the time of writing this report, there are a number of audits in progress therefore the position will improve from Q3 onwards providing the IA team and the services being audited are not subject to further disruption due to Covid-19.

5. Internal Audit Charter

- 5.1 The Internal Audit Charter has been updated following its annual review by the Audit Manager. There have been some changes to the layout but the content remains largely unchanged. The main addition is a section on professionalism and reference to the Code of Ethics and Core Principles which the Internal Audit team follow. The full version of the Charter is available on the intranet.

Appendix A

2020/21 AUDIT PLAN (REVISED)

AUDIT AREA	TYPE	TIMING	PLANNED AUDIT DAYS	COMMENTS	STATUS
HR & ORGANISATIONAL DEVELOPMENT					
Health & Safety	Audit	Q3	8	Covid-19 H&S audit to be delivered by in-house team.	In progress
HOUSING					
Rent Accounting System	Audit	Q3/4	8		In progress
New Housing System Project Risk Management	Assurance	TBC	3		
Domestic Heating Services Contract Management	Audit	Q3	6		Audit engagement plan agreed. Field work to take place in November.
COMMUNITY SERVICES					
Grounds Maintenance	Audit	Q4	6		
CCTV	Audit	Q4	5		
Safeguarding	Audit	Q3	6		In progress
FINANCE					
Income Collection	Audit	Q3	8	Full audit of all KFS required	In progress
Creditors	Audit	Q4	8	Full audit of all KFS required	In progress
Debtors	Audit	Q4	8	Full audit of all KFS required	
Main accounting system and budgetary control	Audit	Q4	8	Full audit of all KFS required	
HR and Payroll	Audit	Q3	8	Full audit of all KFS required	

Treasury Management	Audit	Q3	8	Full audit of all KFS required	Audit engagement plan agreed. Field work to take place in December.
CUSTOMER SERVICES					
Central Control	Audit	Q3	6		Engagement Planning
CROSS CUTTING					
Fire Safety and Management	Audit	Q3	8	To review arrangements for all Council properties	

Appendix B

2020/21 INTERNAL AUDIT PLAN (ORIGINAL)

AUDIT AREA	TYPE	TIMING	PLANNED AUDIT DAYS	AMENDMENTS AGREED WITH CLT
HR & ORGANISATIONAL DEVELOPMENT				
Health & Safety	Audit	Q3	3*	Replace with audit focussing on Covid-19 H&S to be delivered by in-house team.
HOUSING AND PROPERTY				
Key Housing Systems	Audit	Q3/4	20	Rent accounting system only.
New Housing System Data Validation	Assurance	Q1	3	Not required. Replace with review of risk management arrangements when project recommences.
Gas Repairs and Maintenance Contract	Audit	Q3	6	To go ahead as planned.
Fire Safety and Management	Audit	Q2	8	To go ahead in Q3.
COMMUNITY SERVICES				
Grounds Maintenance	Audit	Q3	6	Put back to Q4 at request of service manager.
Waste Services	Audit	Q2/3	8	Defer to 21/22 due to focus on Covid-19 response.
CCTV	Audit	Q2	5	Put back to Q4 at request of service manager.
Fleet Management	Audit	Q2/3	8	Defer to 21/22 due to focus on Covid-19 response.
Safeguarding	Audit	Q1	6	Put back to Q3 at request of service manager.
FINANCE				
CIPFA Financial Management Code	Audit	Q2	6	Removed from plan to prioritise audit resources where needed.
Key financial systems	Risk Based	Q3/4	30	Full audits of all key financial systems required following significant change to ways of working.
CUSTOMER SERVICES				
Central Control	Audit	Q2/3	6	To go ahead in Q3.

Customer Services	Audit	Q2/3	6	Removed from plan to prioritise audit resources where needed and due to service capacity.
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Appendix C

RECOMMENDATIONS TRACKER – ONGOING RECOMMENDATIONS (CRITICAL, HIGH AND MEDIUM ONLY)

Report		Recommendation	Rating	Officer Responsible	Target Date	Internal Audit Comments
2018/19 Audits						
7	Health and Safety	6	The role of the Safety Officer should be reviewed and a benchmarking exercise undertaken to determine the level of resource and responsibilities in this area at other Councils. Where the current resource is found to be insufficient to meet requirements the need for additional resource should be explored.	High	Head of HR & OD	<p>Jul 19</p> <p>March 2020 further extended to August due to Covid</p> <p>Verbal update to be provided by Head of HR and OD at this meeting in response to the Committee request for him to attend the next meeting.</p>
2019/20 Audits						
9	General Fund Assets	1	A single asset register should be maintained which contains all council assets. Each asset should have a unique reference number in order that it can be easily identified and responsibility for maintaining the asset register should be clearly assigned.	Medium	Finance Team Manager in conjunction with Property Services Manager	<p>31st May 2020</p> <p>30th Sept 2020</p> <p>Audit follow up in June 2020 established that recommendation has not be implemented due to Covid-19. Target date extended and new audit follow up date October 2020.</p>

10	Information Governance Arrangements	1	The Data Protection Officer (DPO) should work to develop a user friendly web page which contains information the Council is required to publish as part of the Local Transparency Code. Once developed the DPO should monitor the page to ensure that the information contained is up to date and prompt services to update information where required.	Medium	Data Protection Officer (DPO)	31st Mar 2020 31st August 2020 30 th November 2020	The work is in progress however is taking longer than planned to complete due to the impact of Covid-19 on the team. The DPO hopes to train up the team apprentice in this area to support this task.
11	Affordable Housing – S106/Commut ed Sums	2	The completion of an Affordable Housing – Supplementary Planning Document (SPD) should be progressed. In the meantime it should be formally agreed that where a calculation is required to agree a commuted sum in lieu of affordable housing that the guidance in the 2011 SPD is referred to.	High	Planning Policy Team Manager	31 st August 2021	Follow up was planned for September 2020 and September 2021 as the target date acknowledges the work involved in completing an Affordable Housing SPD. Recent follow up has found that the work is in progress however is being hindered by the current situation.
		4	The forms required to be completed when requesting release of S106 affordable housing commuted sums should be reviewed to ensure they are relevant and up to date. Consideration should be given to including a section for	Medium	Affordable Housing Enabling Officer	31st August 2020 30 th November 2020	The form has been produced however awaiting input from the Planning Policy team.

			finance to complete prior to the authorisation section to complete any appropriate checks for example confirmation that the amounts have not be committed elsewhere. Once updated and agreed the forms should be made available on SharePoint.				
13	Commercial Lettings	1	The service should review the procedures in place relating to Commercial Lettings. Where areas are identified that would benefit from there being written procedures in place these should be produced. As a priority this should include procedures for carrying out rent reviews to ensure these are reviewed on a timely basis.	High	Property Officer	30th Sep 2020 31 st March 2021	Due to staffing issues within the team combined with the impact of COVID-19 this recommendation has not yet been progressed therefore an extension has been agreed.
		2	Property Services should put in place a process whereby evidence is requested from tenants to confirm that they are complying with the terms of their lease agreement. Examples of this would be gas servicing / boiler maintenance, any relevant insurance etc.	Medium	Property Services Team Manager	30th Sep 2020 31 st March 2021	Due to staffing issues within the team combined with the impact of COVID-19 this recommendation has not yet been progressed therefore an extension has been agreed.

Appendix D

2020/21 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 30.09.20	Comments
Achievement of the Internal Audit Plan	0%	Up until the end of Q2 the audit team were mostly redeployed to support the COVID-19 response. In agreement with CLT the audit plan was reviewed and work started on the plan as soon as possible. Whilst no audits have been completed to date, there are a number of audits in progress therefore the position will improve from Q3 onwards.
Quarterly Progress Reports to Management Team and Audit and Standards Committee	On track	
Follow up testing completed in month agreed in final report	On track	Follow up testing up to date however some delays to implementation of recommendations due to Covid-19.
Annual Opinion Report - July 2020 Audit and Standards Committee Meeting	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on returns for 19/20.
Compliance with Public Sector Internal Audit Standards	External inspection overdue	External inspection was due in April 2020 however it was agreed to put back to later in the year to allow all three partners to be fully represented in the inspection under the new expanded shared service. Inspection due w/c 30 th November 2020.