

Subject: PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Report to: Audit and Risk Committee, 21 September 2020

Report by: Faye Haywood, Internal Audit Manager for Great Yarmouth Borough Council

## **SUBJECT MATTER**

This report examines progress made between 1 April 2020 to 14 September 2020 in relation to the delivery of the revised Annual Internal Audit Plan for 2020/21 and includes executive summaries in respect of the reviews which have been completed during this period.

### **1. INTRODUCTION/BACKGROUND**

- 1.1 This report reflects the completion of the audit reviews which are part of the annual internal audit plan of work for 2020/21.

### **2. CURRENT COMPOSITION OF THE ANNUAL INTERNAL AUDIT PLAN 2020/21**

- 2.1 The current position in relation to the delivery of the Internal Audit Plan for 220/21 is shown within the attached report.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The Internal Audit Plan will be delivered within the agreed budget for 2020/21.

### **4. RISK IMPLICATIONS**

- 4.1 Internal Audit planning starts with the Council's key risks, which then directs the audit plan for the financial year. Internal Audit reports then identify risk and control weaknesses within the Council, which are highlighted in this report, with appropriate management action being agreed to mitigate these risks within agreed timeframes.

### **5. CONCLUSIONS**

- 5.1 The report contains the results of reports finalised within this period.

### **6. RECOMMENDATIONS**

- 6.1 It is recommended that the Committee receive and note the outcome of the audits completed during this period and the progress to date.

### **7. BACKGROUND PAPERS**

Appendix – Progress Report on Internal Audit Activity

<b>Area for consideration</b>	<b>Comment</b>
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	Yes
Existing Council Policies:	No
Financial Implications:	Covered within the report
Legal Implications (including human rights):	No
Risk Implications:	Covered within the report
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No

# Eastern Internal Audit Services



**Great Yarmouth Borough Council**

**Progress Report on Internal Audit Activity**

**Period Covered: 1 April 2020 to 14 September 2020**

**Responsible Officer: Emma Hodds – Head of Internal Audit for Great Yarmouth Borough Council**

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## 1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
  - Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - Any significant outcomes arising from those audits; and
  - Performance Indicator outcomes to date.

## 2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 2 March 2020 the Annual Internal Audit Plan for the year was approved, however due to unprecedented circumstances surrounding the Coronavirus Pandemic, the Internal Audit Plan for 2020/21 has been revised. A report outlining the revisions has been provided in this agenda for Committee approval.

## 3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** and progress to date is in line with expectations.
- 3.2 In summary 1 day of programmed work has been completed, equating to 1% of the Internal Audit Plan for 2020/21.

## 4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

**Substantial Assurance:** Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

**Reasonable Assurance:** Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

**Limited Assurance:** Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

**No Assurance:** Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

**Urgent (priority one):** Fundamental control issue on which action to implement should be taken within 1 month.

**Important (priority two):** Control issue on which action to implement should be taken within 3 months.

**Needs attention (priority three):** Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.
- 4.4 During the period covered by the report Internal Audit Services has issued a total of 0 reports:

Audit	Assurance	P1	P2	P3

The Executive Summary of these reports are attached at **Appendix 2**, full copies of these reports can be requested by Members.

- 4.5 As can be seen in the table above as a result of these audits 0 recommendations have been raised by Internal Audit. In addition, 0 Operational Effectiveness Matters have been proposed to management for consideration.

## 5. PERFORMANCE MEASURES

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA will be reviewed on a quarterly basis. There is a total of 11 indicators, over four areas, the results of which are reported at financial year end, with any issues raised with the Committee in progress reports.
- 5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows:
- 9-11 KPIs have met target = Green Status.
  - 5-8 KPIs have met target = Amber Status.
  - 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Head of Internal Audit to ensure that appropriate action is taken.

- 5.3 The second quarter's work is scheduled having received confirmation of agreement to the annual plan on 8<sup>th</sup> September. A report on the performance measures will be provided at the end of the quarter to the Head of Internal Audit, performance is currently at green status with targets having been satisfactorily met for this quarter.
- 5.4 In addition to these quarterly reports from the Contractors Audit Director, ongoing weekly updates are provided to ensure that delivery of the audit plan for the current financial year is

on track. A review of the most recent update indicates that the plan is being completed in line with expectations.

## APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Date to Committee	Comments
<b>Quarter 1</b>								
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>				
<b>Quarter 2</b>								
Assurance Mapping	GY2101	8	8	0	Scheduled			
<b>TOTAL</b>		<b>8</b>	<b>8</b>	<b>0</b>				
<b>Quarter 3</b>								
Corporate Governance	GY2102	6	6	0	To be scheduled			
Procurement and Contract Management	GY2103	12	12	0	To be scheduled			
Accounts Payable	GY2104	12	12	0	Scheduled			
Housing Rents	GY2105	16	16	0	Scheduled			
HR & Payroll	GY2106	15	15	0	Scheduled			
<b>TOTAL</b>		<b>61</b>	<b>61</b>	<b>0</b>				
<b>Quarter 4</b>								
Key Controls and Assurance	GY2107	16	16	0				
Coronavirus Response and Recovery	GY2108	15	15	0				
Housing Needs and Allocations and Homelessness	GY2109	10	10	0				
<b>TOTAL</b>		<b>41</b>	<b>41</b>	<b>0</b>				
<b>IT Audits</b>								
Remote Access	GY2110	10	10					
<b>TOTAL</b>		<b>10</b>	<b>10</b>	<b>0</b>				
<b>Follow Up</b>								

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Date to Committee	Comments
Follow Up	NA	10	10	1	In progress			
<b>TOTAL</b>		<b>10</b>	<b>10</b>	<b>0</b>				
<b>TOTAL</b>		<b>130</b>	<b>130</b>	<b>0</b>				
<b>Percentage of plan completed</b>				<b>1%</b>				

## **APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES**

N/A