

Subject: PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Report to: Audit and Risk Committee, 6 December 2021

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

SUBJECT MATTER

This report examines progress made between 9 June 2021 to 25 November 2021 in relation to the delivery of the revised Annual Internal Audit Plan for 2021/22.

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 2021/22.

2. CURRENT COMPOSITION OF THE ANNUAL INTERNAL AUDIT PLAN 2021/22

- 2.1 The current position in relation to the delivery of the Internal Audit Plan for 2021/22 is shown within the attached report.

3. FINANCIAL IMPLICATIONS

- 3.1 The Internal Audit Plan will be delivered within the agreed budget for 2021/22.

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 an update on progress against the Internal Audit Plan for 2021/22.

6. RECOMMENDATIONS

- 6.1 It is recommended that the Committee receive and note the progress being delivered against the Internal Audit Plan for 2021/22.

7. BACKGROUND PAPERS

Appendix – Progress Report on Internal Audit Activity

Area for consideration	Comment
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: 9 June 2021 to 25 November 2021

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 There has been one significant change to the Internal Audit Plan 2021/22 since it was approved in June 2021. An addition of a review of the Business Support Grants is to be completed as requested by the Head of Customer Services. This will involve sample testing 80 grants from a number of Covid-19 grant schemes. The review will test whether each grant has been issued in accordance with the correct criteria/eligibility guidance.
- 2.2 In addition to the above, the Chief Executive has requested that the Head of Internal Audit undertake an investigation into Health and Safety concerns raised regarding repairs carried out within some areas. The terms of reference for this investigation has been agreed and GYBC and GYN staff are working with Internal Audit to establish the root cause of the issues raised. Outcomes relating to this work will be provided to the Chief Executive week commencing 17 December 2021.

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**.
- 3.2 In summary 102 days of programmed work has now been completed, equating to 43% of the Internal Audit Plan for 2021/22.

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 All quarter two reports are now in draft and are ready for issuing for management consideration. Good progress has been made on completing quarter three work and audits at this stage are on track to be completed by the end of December 2021.

Quarter 2 audits completed in draft for management consideration
GYN Invoicing
Income
Capital Programme Contracts
Coastal Protection
Counter Fraud and Corruption

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 Delays have been experienced in completing and finalising quarter two work with the contractor being subject to resourcing and sickness difficulties. Quarter three work is now back on track however, progress against delivering the plan of work is being carefully managed with the contractor to ensure that resources are sufficient to complete the plan of work.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							Urgent	Important	Needs Attention	Op		
Quarter 2												
Counter Fraud and Corruption Framework	GY2207	8	8	7	Draft report issued 25 November 2021							
Income	GY2210	8	8	7	Draft report reviewed and ready for issue							
Capital Programme Contracts	GY2213	8	8	7	Draft report reviewed and ready for issue							
GYN - Invoicing	GY2201	8	8	7	Draft report issued 19 October 2021							
Coastal Protection	GY2216	10	10	9	Draft report reviewed and ready for issue							
TOTAL		42	42	37								
Quarter 3												
Programme and Project Management	GY2205	8	8	1	APM issued 25 November 2021. Audit due to start 9 December 2021							
Accounts Receivable	GY2209	10	10	8	Fieldwork complete. Draft report stage							
Housing Benefits and Ctax Support	GY2211	15	15	12	Audit Planning Memorandum issued on 14 October 2021. Fieldwork underway.							
Council Tax and NNDR	GY2212	18	18	15	Fieldwork complete. Draft report due							
Business Support Grants	GY2221		12	8	Audit Planning Memorandum issued on 9 November 2021. Fieldwork underway.							
Environmental Services	GY2215	12	12	10	Fieldwork complete. Draft report due							
TOTAL		63	75	54								

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 4											
Risk Management	GY2202	5	5	0							
Annual Governance Statement	GY2203	8	8	0							
Business Strategy and Performance	GY2204	10	10	0							
Key Controls and Assurance	GY2206	11	11	0							
Accountancy Services	GY2208	16	16	0							
Development Control	GY2214	15	15	0							
Event Management and Tourism	GY2217	12	12	0							
TOTAL		77	77	0							
IT Audits											
Change Control and Patch Management	GY2218	10	10	0							
Software Licensing	GY2219	10	10	0							
Digital Strategy	GY2220	10	10	1	Audit Planning Memorandum in preparation.						
TOTAL		30	30	1							
Follow Up											
Follow Up	N/A	16	16	10							
TOTAL		16	16	10							
TOTAL		228	240	102			0	0	0	0	
Percentage of plan completed				43%							