

## Harborough District Council

### Report to the Audit & Standards Committee 28 June 2022



<b>Report Number:</b>	3
<b>Title:</b>	Internal Audit – progress and performance update
<b>Status:</b>	Public
<b>Key Decision:</b>	No
<b>Report Author:</b>	Mr Clive Mason. Director; Finance, ICT and Assets <i>On behalf of Rachel Ashley-Caunt, Chief Internal Auditor, North Northamptonshire Council</i>
<b>Portfolio Holder:</b>	Cllr James Hallam
<b>Appendices:</b>	Appendix A – Internal Audit Progress Report (Update) June 2022 Appendix B – Outstanding Recommendations

#### Executive Summary

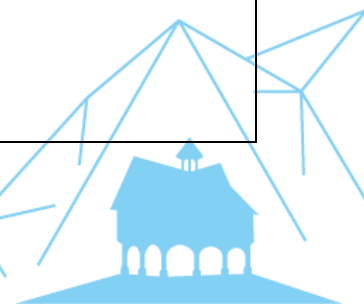
The Audit & Standards Committee is scheduled to meet four times a year, at each meeting Internal Audit reports its performance in respect of:

- **the audit plan**; it is early in the audit plan cycle but one audit has been finalised and three are underway,
- **customer satisfaction**; to date internal audits customers have accessed the service as Good, and for
- **productivity**; current performance is 94% against a target of 90%.

In addition to performance, Internal Audit also reports on outstanding recommendations/actions. There are currently 7 actions that have not been implemented by the agreed implementation deadline; 2 of which are over 3-months since their implementation and of “medium-priority”.

#### Recommendations

**The committee considers the Internal Audit Progress Report (Appendix A) and Outstanding Recommendations (Appendix B) and comments as it considers necessary.**



## Reasons for Recommendations

To support the Audit & Standards Committee's role in ensuring good governance, strong financial management and an effective internal control environment. Additionally, to oversee the independence, objectivity, performance, and professionalism of internal audit.

### 1. Purpose of Report

- 1.1 To update Members on progress against the 2022/23 internal audit plan, key findings of audits completed and status of outstanding recommendations.

### 2. Background

#### Internal Audit

- 2.1. The Councils internal audit service is provided, under delegation, by North Northamptonshire Council. The Audit & Standards Committee (ASC) agreed a new delegation at the meeting held on 2<sup>nd</sup> February 2022 (link to report [here](#)). They are commissioned to provide 235 days to deliver the 2022/23 Annual Audit Plan, which was approved by ASC on the 2<sup>nd</sup> March 2022 (link to report [here](#)).

### 3. Detail

- 3.1 The following paragraphs summarise the main items discussed within the Internal Audit Progress Report (**Appendix 1**) and commentary in respect of outstanding recommendations (**Appendix 2**).

#### Internal Audit Progress 2022

### 3.2 Audit Plan

- 3.2.1 It is still early in the audit plan cycle but to date, one audit assignment has been finalised and a further three audit assignments are underway; these are shown below:

➤ **Finalised**

**Audit Theme:**

**Key Corporate Controls and Polices**

- **Information Governance** – final report issued. A detailed commentary on this report is shown at paragraph 2.6 in **Appendix A**. In respect of the assurance opinion, for the:
  - Control environment: Satisfactory
  - Compliance: Good
  - Organisational Impact: Minor

➤ **Assignments Underway**

**Audit Theme: Corporate governance and counter fraud**

- **National Fraud Initiative (NFI)** – planning started.

**Audit Theme: Key Corporate Controls and Polices**

- **Performance Management Assignment** – fieldwork started.

**Council Priority: Innovative, proactive and efficient**

- **Strategic Partnering and Shared Services** – planning started.

3.2.2 In addition there is one audit assignment “Leisure services – embedded assurance review” that, as the project moves forward, internal audit continue to support (this has been ongoing since 2021/22).

3.2.3 The Chief Internal Auditor has confirmed that:

- the Audit Plan is on target to be achieved within the allocated 235 days.
- Internal Audit have been provided with evidence that the recommendations resulting from the special investigation reported to ASC in March have been implemented.

### 3.3 **Customer Satisfaction**

3.3.1 Two audit questionnaires have been returned so far and the lowest rating is currently Good.

### 3.4 **Productivity**

3.4.1 The productivity target is 90%, performance to date is 94%.

### **Outstanding Recommendations.**

3.5 Since the last report to ASC, 7 actions have been implemented and 7 have not; of the 7 not implemented:

- 3 were meant to be implemented within the last 3 months, and
- 4 are over 3 months since their implementation date. Of these 4, 2 recommendations are “medium priority” and they are detailed in **Appendix 2** and summarised below:

**i. Audit Assignment: Effective use of consultation 2019/20**

Recommendation: Prepare and implement an Engagement Strategy.

Officer Update: This strategy is directly linked to other planned work and changes in engagement that are due to be implemented in September 2022.

**ii. Audit Assignment: Development management 2020/21**

Recommendation: Reconciliation of planning income recorded in Uniform and the finance system.

Officer Update: Current practice is requiring manual intervention between respective systems, but automation is being progressed. However, this will be dependent on the work currently being undertaken in respect of replacement/upgrades of the current financial management system and Uniform (document management)

#### **4. Implications of Decisions**

- 4.1. **Corporate Priorities**; internal audit provides assurance to the Council in respect of internal control and other governance issues, which directly supports the delivery of the Councils corporate priorities.
- 4.2. **Financial**; there are no direct financial implications arising from this report.
- 4.3. **Legal**; there are no direct legal implications arising from this report.
- 4.4. **Policy**; there are no direct policy implications arising from this report.
- 4.5. **Environmental Implications including contributions to achieving a net zero carbon Council by 2030**; there are no direct environmental implications arising from this report.
- 4.6. **Risk Management**; there are no direct risk management implications arising from this report. However, members must not that the audit approach is “risk-based” and an effective internal audit service is one means by which the Council is able to effectively manage risk.
- 4.7. **Equalities Impact**; there are no direct equalities implications arising from the report.
- 4.8. **Data Protection**; there are no direct data protection implications arising from the report.

#### **5. Summary of Consultation and Outcome**

- 5.1 The Chief Internal Auditors has consulted with the Councils s.151 in respect of performance and senior managers for individual audit assignments. ASC were consulted in February 2022 in respect of preparing the 2022/23 Audit Plan approved the plan in March 2022.

#### **6. Alternative Options Considered**

- 6.1 No alternative options considered as none are appropriate.

#### **7. Background papers**

- 7.1 None