

Harborough District Council

Report to the Audit & Standards Committee 7 September 2022



Title:	Internal Audit – progress and performance update
Status:	Public
Key Decision:	No
Report Author:	Mr Clive Mason. Director; Finance, ICT and Assets <i>On behalf of Rachel Ashley-Caunt, Chief Internal Auditor, North Northamptonshire Council</i>
Portfolio Holder:	Cllr James Hallam
Appendices:	Appendix A – Internal Audit Progress Report (Update) August 2022 Appendix B – Overdue 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 9 actions that have not been implemented by the agreed implementation deadline; 2 of which are over 3 months since their implementation date and of “medium-priority”.

Recommendations

The Committee considers the Internal Audit Progress Report (Appendix A) and Overdue 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 2nd 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 2nd 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 overdue recommendations (**Appendix 2**).

Internal Audit Progress 2022

3.2 Audit Plan

- 3.2.1 In the year to date, one audit assignment has been finalised and a further final draft report is with management for sign off. In addition, prioritised grant verification work has been completed during the last quarter in relation to Covid-19 related grants from 2021/22. There are also a further six assignments with fieldwork or planning underway; these are shown below:

Audit Theme: Corporate governance and counter fraud

- **National Fraud Initiative (NFI)** – planning work started for 2022 data upload.

Audit Theme: Key Corporate Controls and Polices

- **Performance Management** – final draft report issued.
- **Information Governance** – final report issued.
- **IT Asset Management** – fieldwork commencing.

Audit Theme: The People: A healthy, inclusive and engaged community

- **Leisure services (embedded assurance)** – fieldwork ongoing.

Audit Theme: Council Priority: Innovative, proactive and efficient

- **Strategic Partnering and Shared Services** – fieldwork complete.
- **Agile working** – planning underway.
- **Online payments** – planning underway.

3.2.2 The Chief Internal Auditor has confirmed that the Audit Plan is on target to be achieved within the allocated 235 days.

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, 4 actions have been implemented and 9 remain overdue; of the 9 not implemented:

- 3 were due to have been completed within the last 3 months, and
- 6 are over 3 months since their implementation date. Of these 6, 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. A report was produced but this it was not possible to check the data on the financial system (efins) to that from the planning portal. As new efins and Uniform systems are expected from April 2023, the action will be revisited in 2023/24 with the new systems.

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