

## QUARTERLY INTERNAL AUDIT UPDATE REPORT

Governance & Audit Committee **22 July 2020**

Report Author **Christine Parker, Head of the Audit Partnership**

Portfolio Holder **Cllr Rob Yates, Cabinet Member for Finance, Administration and Community Wealth Building**

Status **For Information**

Classification: **Unrestricted**

Key Decision **No**

### **Executive Summary:**

This report provides Members with a summary of the internal audit work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 31st May 2020.

### **Recommendation(s):**

That the report be received by Members.

That any changes to the agreed 2020-21 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the attached report be approved.

### **CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2019-20 budgets.
<b>Legal</b>	The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.
<b>Corporate</b>	Under the Local Code of Corporate Governance the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.
<b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p>

	Please indicate which aim is relevant to the report.	
	Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	
	Advance equality of opportunity between people who share a protected characteristic and people who do not share it	
	Foster good relations between people who share a protected characteristic and people who do not share it.	
<i>There are no equity or equalities issues arising from this report.</i>		

<b>CORPORATE PRIORITIES (tick those relevant) ✓</b>	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	

<b>CORPORATE VALUES (tick those relevant) ✓</b>	
Delivering value for money	X
Supporting the Workforce	
Promoting open communications	X

## 1.0 Introduction and Background

- 1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 31st May 2020.
- 1.2 For each audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to the relevant member of the Senior Management Team, as well as the manager for the service reviewed.
- 1.3 Follow-up reviews are performed at an appropriate time, according to the priority of the recommendations, timescales for implementation of any agreed actions, and the risk to the Council.
- 1.4 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.
- 1.5 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Appendix 2 to the EKAP report.
- 1.6 The purpose of the Council's Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

- 1.7 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.
- 1.8 There has of course been an impact on the work of the internal audit team as a result of the C19 Crisis. The Audit Plan for 2020-21 was prepared as usual throughout February and agreed with the s.151 Officer and MT was presented to the March meeting of this Committee. Following this, the team was re-deployed to assist with C19 response work in the community. As a consequence, no new internal audit work has been commissioned or undertaken throughout April and May, leading to a total of 247 audit days being lost (over the partnership). The plan that was drafted for approval at the March meeting is set out in the table in the Annex, with very few days allocated up to the end of May. It is therefore intended to work with the s.151 Officers to agree a revised plan based on 9 month's work not 12 which will be presented at the September meeting. The second reason for delaying setting out the revised plan is to accommodate the new Housing audits which will commence after 1<sup>st</sup> October once the former EKH Ltd responsibilities have transferred back to the four councils. Except for follow up, now new EHK Ltd audits will commence before the end of September.

## **2.0 Summary of Work**

- 2.1 There have been ten internal audit assignments completed during the period.
- 2.2 In addition, four follow-up reviews have been completed during the period.

## **3.0 Options**

- 3.1 That Members consider and note the internal audit update report.
- 3.2 That the changes to the agreed 2020-21 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.
- 3.3 That Members consider (where appropriate) requesting an update from the relevant Director/s to the next meeting of the Committee in respect of any areas identified as still having either limited or no assurance after follow-up.
- 3.4 That Members consider registering their concerns with Cabinet in respect of any areas of the Council's corporate governance, control framework or risk management arrangements in respect of which they have on-going concerns after the completion of internal audit follow-up reviews and update presentations from the relevant Director.

Contact Officer:	Christine Parker, Head of the Audit Partnership, Ext. 7190 Simon Webb, Deputy Head of Audit, Ext 7189
Reporting to:	Chris Blundell; Head of Financial Services (Deputy S151 Officer ) Tim Willis; Deputy Chief Executive (S151 Officer)

## **Annex List**

Annex 1	East Kent Audit Partnership Update Report – 22-07-2020
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## Background Papers

<b>Title</b>	<b>Details of where to access copy</b>
Internal Audit Annual Plan 2020-21	Previously presented to and approved in March 2020 at Governance and Audit Committee meeting
Internal Audit working papers	Held by the East Kent Audit Partnership

## Corporate Consultation

<b>Finance</b>	Chris Blundell; Head of Financial Services (Deputy S151 Officer ) Tim Willis (Deputy Chief Executive)
<b>Legal</b>	Tim Howes, Director of Corporate Governance