

Quarterly Internal Audit Update Report

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| Governance & Audit Committee | 25 November 2020 |
| Report Author | Head of Internal Audit |
| 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 30th September 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

Financial and Value for Money

There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2020-21 budgets.

Legal

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.

Corporate

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.

Equality Act 2010 & Public Sector Equality Duty

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.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no equity or equalities issues arising from this report.

Corporate Priorities

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

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 30th September 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 Due to the Covid19 virus the EKAP team were redirected to community work on behalf of the partner councils early in the 2020/21 year. This has impacted upon the amount of internal audit work that can be completed within the year resulting in a revision to the audit plan in appendix 3. At the same time East Kent Housing Limited was taken back in house by the partner councils from 1st October 2020, therefore the plan is further adjusted to bring back in 30 days for 2020/21 in respect of housing reviews.

2.0 Summary of Work

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

3.0 Summary of Work

- 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.

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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 – 25-11-2020

Annex List

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

Finance: Chris Blundell; Head of Financial Services (Deputy S151 Officer)
Tim Willis (Deputy Chief Executive)

Legal: Tim Howes, Director of Corporate Governance