

**REPORT OF:** CHIEF EXECUTIVE  
**TO:** ACCOUNTS AND AUDIT COMMITTEE  
**DATES:** 28<sup>th</sup> JANUARY 2020

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## INTERNAL AUDIT MONITORING REPORT

### PURPOSE OF REPORT

1. The purpose of this report is to provide Members with an update on progress against the Internal Audit Plan as at 31<sup>st</sup> December 2019.

### RECOMMENDATION

2. It is recommended that the Accounts and Audit Committee:-
  - a) approve the Revised Internal Audit Plan as set out at **Column 3, Appendix A**;
  - b) note that the audit of PEARL Contracts, Leisure Trust and Stock – Waste Containers will be carried forward for consideration as part of the Internal Audit Plan for 2020/21.

### REASONS FOR RECOMMENDATION

3. To ensure that Members are kept informed of the ongoing progress relating to the Internal Audit activity.

### ISSUE

#### Background

4. As Councillors are aware, the Accounts and Audit Committee has a role in relation to the Council's Internal Audit function which includes formally approving, but not directing, the overall Internal Audit Strategy, approving the Annual Internal Audit Plan, monitoring progress against that Plan and assessing whether resources are available to provide an effective audit function.
5. This report provides an update against the approved Internal Audit Plan for 2019/20.

## Internal Audit Plan to 31<sup>st</sup> December 2019

6. The Internal Audit Plan for 2019/20 was agreed by this Committee at its meeting on 18th March 2019. It is based on the 3-year Internal Audit Plan which was drawn up using a risk based analysis of the Council's various systems and services. The agreed Plan comprises a chargeable audit resource of 338 days and is estimated to provide risk coverage of 68% of all auditable systems.
7. Attached at [Appendix A](#) is a detailed analysis of the progress made against the agreed Internal Audit Plan as at 31<sup>st</sup> December 2019. Councillors should note the following points in relation to this analysis:-

- due to staff absence, the actual days of audit time expended to 31<sup>st</sup> December is a 'best estimate' based on information available and the audit work that has been completed;
- as a result of the staff absence referred to above, the number of days available to deliver the agreed Internal Audit Plan has reduced. As a result of this absence and up to 31<sup>st</sup> December 2019, a total of 57 (gross) available audit days were lost. This has impacted on the ability to deliver the Programme in 2019/20 and suggested changes are considered below. It is anticipated that this staff absence will continue at least until the end of January 2020;
- acknowledging the importance of delivering the agreed Internal Audit Plan despite the staff absence referred to above, the Council has engaged the Mersey Internal Audit Agency (MIAA) to provide additional audit days.

As Councillors may be aware, MIAA already undertake the Council's IT audits, given their specific expertise in this area, and so there is every confidence that they will be able to complete the allocated audit work by 31<sup>st</sup> March 2020. Councillors should note that MIAA will focus their time on the Council's Key Financial Systems, the audits for which are normally undertaken in the final quarter of the financial year.

- taking into consideration the matters referred to above, and other variations in the Plan, a Revised Internal Audit Plan has been produced which is shown in [Column 3, Appendix A](#). This still comprises 338 days as originally planned albeit reflects, in some instances, the need for additional time to be spent on some Internal Audits.
  - As at 31<sup>st</sup> December 2019, 160.5 audit days have been delivered ([Column 4, Appendix A](#)). On the basis of available resources to the year end, it is estimated that a further 141 audit days will be delivered giving an estimated total number of audit days delivered for the year of 304.5 ([Column 6, Appendix A](#)). This will mean that the audit of PEARL Contracts, (8 days), Leisure Trust Audit (12 days) and Stock – Waste Containers (7 days) will not be undertaken in 2019/20. They will, however, be carried forward for consideration as part of the Internal Audit Plan for 2020/21.
8. Councillors are asked to approve the revised Internal Audit Plan for 2019/20 as set out at [Appendix A](#).

9. To date, all completed audits have been given either Full or Substantial Assurance. For Councillors benefit, the definition of the Assurance level is provided below:-

<b>Assurance Level</b>	<b>Definition</b>
Full	The controls appear to be consistently applied.
Substantial	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
Limited	The level of non-compliance identified places the system objectives at risk.
None	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

10. The revised Internal Audit Plan for 2019/20 will continue to remain under review as we approach the year end and, where necessary, remedial action will be taken to ensure the plan, in substance, is delivered as set out.

## **IMPLICATIONS**

### **Policy**

11. There are no policy implications arising directly from the recommendations in this report.

### **Financial**

12. There are no financial implications arising directly as a consequence of the recommendations in this report.

### **Legal**

13. There are no new legal implications resulting directly from the recommendations in this report.

### **Risk Management**

14. There are no risk management implications resulting directly from the recommendations in this report.

### **Health and Safety**

15. There are no health and safety implications arising directly from the recommendations in this report.

### **Sustainability**

16. There are no sustainability implications arising directly from this report.

### **Community Safety**

17. There are no community safety issues arising directly from the contents of this report.

## **Equality and Diversity**

18. There are no equality and diversity issues arising from the contents of this report.

### **APPENDICES:**

**Appendix A** – Internal Audit Progress Report as at 31<sup>st</sup> December 2019 (and Projection to Year End)