

Internal Audit Progress Report Accounts & Audit Committee (July 2021)

Pendle Borough Council

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Your Team

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Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

1 Introduction

This report provides an update to the Accounts & Audit Committee in respect of the progress made in against the Internal Audit Plan for 2021/22 and brings to your attention matters relevant to your responsibilities as members of the Accounts & Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request. In addition a consolidated follow up position is reported on a periodic basis to the Accounts & Audit Committee.

This progress report covers the period April 2021 to June 2021.

2 Executive Summary

Since the last meeting of the Accounts & Audit Committee, there has been the focus on the following areas:

2021/22 Audit Reviews	<p>Since the last meeting of the Accounts & Audit Committee, the following 2020/21 reviews have been finalised:</p> <ul style="list-style-type: none">• Risk Management (Moderate Assurance);• Housing Benefits (Substantial Assurance);• Council Tax (Substantial Assurance); and• National Non-Domestic Rates (Substantial Assurance). <p>The following 2020/21 reviews are currently in progress:</p> <ul style="list-style-type: none">• Payroll (draft report issued);• Creditors & Purchasing (draft report issued);• Main Accounting System (fieldwork); and• Collection of Income & Debtors (fieldwork). <p>The following 2021/22 reviews are currently in progress:</p> <ul style="list-style-type: none">• Conflicts of Interest (fieldwork);• Emergency Preparedness (planning);• Contract Audit (planning);• COVID-19 recovery Plan (planning); and• Disabled Facilities Grant (planning).
Follow Up	<p>A summary of the current status of all follow-up activity will be provided as part of the September 2021 meeting of the Audit & Accounts Committee.</p>

Audit Plan Changes	<p>Accounts & Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.</p> <ul style="list-style-type: none">• There are no current proposals to amend the approved audit plan.
Insights	<p>Collaborative Masterclass Events</p> <ul style="list-style-type: none">• <u>Political Leadership: Learning How Democratic and Participatory Approaches Make a Difference Across Public Services</u> (16th September 2021)• <u>The energised workplace: Designing Work So That People Flourish</u> (14th September 2021)

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that 'The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.' Below sets out the overview of delivery for your Head of Internal Audit Opinion for 2021/22:

HOIA Opinion Area	Status	Assurance Level	Planned Days
Core/ Mandated Assurances			
Key Financial Controls	Q4		Planned: 30 Actual: 0
Council Tax & NNDR	Q4		Planned: 15 Actual: 0
Housing Benefits	Q4		Planned: 10 Actual: 0
Contract Audit	Planning		Planned: 10 Actual: 1
Disabled Facilities Grant	Planning		Planned: 10 Actual: 0.5
Land Charges	Q4		Planned: 9 Actual: 0
Risk Based Assurances			
Leisure Trust	Q2		Planned: 10 Actual: 0
Partnership Working	Q3		Planned: 10 Actual: 0
Insurance	Q3		Planned: 9 Actual: 0
Conflicts of Interest	Fieldwork		Planned: 9 Actual: 2
COVID-19 Recovery Plan	Planning		Planned: 10

HOIA Opinion Area	Status	Assurance Level	Planned Days
			Actual: 1
Joint Ventures	Q3		Planned: 10 Actual: 0
Emergency Preparedness	Planning		Planned: 10 Actual: 0.5
Client function	Q2		Planned: 10 Actual: 0
ICT Strategy	Q2		Planned: 10 Actual: 0
Cyber Security	Q3		Planned: 10 Actual: 0
Follow Up			
Qtr 2		N/A	Planned: 10
Qtr 4			Actual: 2
Management			
Head of Internal Audit Opinion/ Annual Report	Ongoing	N/A	Planned: 5 Actual: 1
Planning & Management			Planned: 10 Actual: 3
Reporting & Meetings			Planned: 10 Actual: 2
Contingency			Planned: 3 Actual: 0
Anti-Fraud Support			Planned: 20 Actual: 0

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Each Audit Assignment	Green	100%
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	100%
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service to the Council are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

Local KPIs (as at Q4 2020/21)

Element	Reporting Regularity	Status	Summary
Percentage of audits commenced per Quarter	Quarterly	Green	18.75% (Target 25%)
Percentage of recommendations implemented/ partially implemented when due	Quarterly	Amber	66% (Target 100%)

The next scheduled review of follow ups is Q2.