



# Internal Audit Progress Report Accounts & Audit Committee (March 2022)

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 January to February 2022.

## 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	The following reviews are currently in progress: <ul style="list-style-type: none"><li>• Disabled Facilities Grant (Draft Report)</li><li>• Conflicts of Interest (Draft Briefing Note)</li><li>• Emergency Preparedness (Draft Report)</li><li>• Land Charges (Fieldwork)</li><li>• Insurance (Fieldwork)</li><li>• Restart Grant (Fieldwork)</li><li>• Key Financial Controls (Fieldwork)</li><li>• Partnership Working (Planning)</li><li>• Leisure Trust (Planning)</li><li>• Client Function (Planning)</li><li>• Council Tax &amp; NNDR (Planning); and</li><li>• Housing Benefits (Planning).</li></ul>
Follow Up	A summary of the current status of all follow-up activity has been provided as part of this report.
Audit Plan Changes	Accounts & Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process. There have been no further changes to the plan.

## 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.'

As the 2020/21 and 2021/22 internal audit plans were reprioritised nationally due to the impact of covid, the above table sets out the position for the remaining reviews; to be delivered by June 2022.

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
<b>Core/ Mandated Assurances</b>			
Key Financial Controls	Fieldwork		Planned: 30 Actual: 0.5
Council Tax & NNDR	Planning		Planned: 15 Actual: 0.5
Housing Benefits	Planning		Planned: 10 Actual: 0.5
Restart Grant (previously Contract Audit)	Planning		Planned: 10 Actual: 1
Disabled Facilities Grant	Draft Report		Planned: 10 Actual: 11
Land Charges	Fieldwork		Planned: 9 Actual: 1
<b>Risk Based Assurances</b>			
Leisure Trust	Planning		Planned: 10 Actual: 0.5
Partnership Working	Planning		Planned: 10 Actual: 0.5
Insurance	Fieldwork		Planned: 9 Actual: 1
Conflicts of Interest	Draft Briefing Note		Planned: 9 Actual: 9

HOIA Opinion Area	Status	Assurance Level	Planned Days
Audit Committee Training (previously COVID-19 Recovery Plan)	Completed	N/A	Planned: 10 Actual: 10
Joint Ventures	Planning		Planned: 10 Actual: 0.5
Emergency Preparedness	Draft Report		Planned: 10 Actual: 10
Client function	Planning		Planned: 10 Actual: 1
ICT Strategy – Infrastructure Project	Final Report	Limited	Planned: 10 Actual: 10
Cyber Security – Remote Working	Final Report	Moderate	Planned: 10 Actual: 10
<b>Follow Up</b>			
Qtr 2	In progress	N/A	Planned: 10 Actual: 8
Qtr 4			
<b>Management</b>			
Head of Internal Audit Opinion/ Annual Report	Ongoing	N/A	Planned: 5 Actual: 1
Planning & Management			Planned: 10 Actual: 8
Reporting & Meetings			Planned: 10 Actual: 8
Contingency			Planned: 3 Actual: 1.5
Anti-Fraud Support			Planned: 20 Actual: 5

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.

## Appendix C: Key Areas from our Work and Actions to be Delivered

### Follow Ups

**Objective:** To provide a combined update to the Accounts & Audit Committee of the progress made in the implementation of recommendations by the organisation. The table below summarises the progress made in implementing the recommendations due for implementation.

Audit Report	Actions Ready for Review	Actions not yet due	Not Implemented	Partially Implemented	Implemented	Awaiting Management response	Superseded
Main Accounting System (2020/21)		8					
Debtors & Income Collection (2020/21)	3		3				
Creditors & Purchasing (2020/21)	9		9				
Freedom of Information	1			1			
Pest Control		1					
Corporate H&S	1				1		
Human Resources*	4				4		
Licensing	4					2	2
Markets	1						1
Client Function		3					
Risk Management	6			3	3		
ICT Strategy		5					
Cyber – Remote Working		5					
<b>Total</b>	<b>29</b>	<b>22</b>	<b>12</b>	<b>4</b>	<b>8</b>	<b>2</b>	<b>3</b>

\*subject to detailed testing.

The reviews of key financial systems, NNDR, Council Tax and Housing Benefits will be followed up as part of the annual assessment.