

# Internal Audit and Corporate Investigations

## Annual Report 2019/2020

### 1 Introduction

1.1 The main purpose of this report is as follows:

- To summarise the effectiveness of Internal Audit
- Comment on the work undertaken by Internal Audit during the year
- Provide management and members with an opinion on the adequacy and effectiveness of the Council's arrangements; risk management and systems of internal control.

### 2 Audit Planning

2.1 The Internal Audit Section works on a four year strategic audit plan; this is produced following consultation with the Director of Corporate Services/S151 Officer and the Divisional Manager Financial Services and is approved by the Corporate Governance & Audit Committee. The Plan is prepared where possible using a risk-based assessment which can be linked to the Council's Corporate Risk Register and is designed to review all the major areas and systems on a cyclical basis. Suggestions are also made by Divisional Managers. Any areas and systems considered to be fundamental to the Council's operations are reviewed annually.

2.2 The Annual Audit Plan for 2019/2020 represented the first year, of a four year plan. Each of the audits is undertaken on an operational risk-based approach following discussions with the Divisional Managers/Departments.

2.3 The Annual Internal Audit Plan is a live document and is updated with emerging risks as and when required. Any changes to this plan are reported to the Corporate Governance and Audit Committee.

### 3 Staffing

3.1 During 2019-20 the Internal Audit Section operated on 2.35 fte's of audit staff for the period April to January and 1.75 fte's February to March, also 2.0 fte's Corporate Investigations staff. This establishment was made up of the following posts:

- Internal Audit & Corporate Investigations Manager (0.60fte)
- Senior Auditor (0.75fte)
- Auditor (0.60fte) (April to Jan 20)
- Auditor (0.40fte)
- Corporate Investigations Officer (1fte)
- Assistant Corporate Investigations Officer (0.50fte) x 2
- Internal Audit & Corporate Investigations Apprentice (2 Year Fixed Contract 1fte)

All Auditors have the requisite experience to effectively fulfil their responsibilities and execute duties to the required professional standard under PSIAS (Public Sector Internal Audit Standards).

3.2 The Corporate Investigations Team is part of the Audit Team. The CIO is responsible for investigating and reporting on, any offences against or within the council. Internal Audit is responsible for reviewing the internal controls annually, in order to give assurance to those charged with governance that the control environment within the Council is robust and regularly reviewed by both Internal and External Audit.

#### **4 Performance against the Internal Audit Plan**

4.1 The Internal Audit Section completed the following Audits /Reviews during 2019/2020:

##### Completed Planned Audits

- Business Continuity
- Creditors
- Payroll
- Travel & Subsistence
- Westward House cash handling
- Asset Management
- PMQA
- Alcohol Licensing
- Land Charges
- Pest Control – (contract management)
- HB overpayment recovery
- HR Recruitment & Selection
- Building Control (Looking at Deficit and time recording)
- Usage of Grants received – (Community led Housing)
- Debtors
- Treasury Management
- Council Tax

##### Follow Ups

- Trade Waste
- Gifts, Hospitality & Car Loans
- GDPR
- Building Security
- IT Security
- Income Generation
- Westward House
- Business Continuity
- Business Security

### Key Financial Systems (reviewed annually)

- Bank Reconciliation (Cash and Bank)
- Creditors
- Council Tax
- Debtors
- Housing Benefit
- NDR
- Payroll
- Treasury Management
- Fixed Asset Register

4.2 The Audit Section undertook annual testing on all the Key Financial Systems; that is the main financial systems that feed into the Council's statutory financial statements, in order to identify and ensure that the appropriate levels of internal control were in place. In addition, there are a number of controls which are tested by Internal Audit that are based upon agreed criteria with the External Auditors, Ernst and Young.

4.3 In addition to the planned work, Internal Audit continues to respond to requests by the Council's services and departments, where and when advice and assistance is required, whilst remaining impartial. A number of minor issues were addressed by Internal Audit during the year.

### Planned Reviews not completed

4.4 During 2019/2020, five audits from the original audit plan; Inspection of Land & Buildings, Corporate Debt Recovery, Council Tax Debt Recovery, NNDR Debt Recovery and Cash & Bank were not completed by the 31<sup>st</sup> March 2020 but will be completed during 2020/2021. This is due to a number of reasons, staffing, new processes and Covid 19 lockdown.

## **5 Reporting**

5.1 All internal audit reports were reviewed by the Internal Audit & Corporate Investigations Manager prior to publication and being reported to the Corporate Governance & Audit Committee which met four times in 2019-20. A report showing progress against the audit plan is also taken to each Corporate Governance and Audit Committee meeting. In some cases audits that commenced before the 31<sup>st</sup> March 2019, were not completed until after the 1<sup>st</sup> April, 2019 and these related to the previous Audit Plan 2018/19.

5.2 A number of recommendations were raised and reported on during 2019-20, all of which had been agreed by management and then reported to Corporate Governance & Audit Committee. A number of follow up reviews were also carried out during the year; in order to ascertain whether the recommendations made, had been implemented and deadlines met. Where recommendations were not implemented they are brought to the attention of the Corporate Governance & Audit Committee. During 2019/2020 all recommendations made had been agreed.

## **6 Opinion on the Control Environment**

6.1 Based upon the internal audit work undertaken during the year 2019-20, the overall opinion is that 'satisfactory' assurance can be given, and generally that there is a sound system of internal control.