

Internal Audit and Corporate Investigations

Annual Report 2020/2021

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/S. 151 Officer and the Divisional Manager for Financial Services (Deputy S.151) 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 2020/2021 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 2020-21 the Internal Audit Section operated on 2.25 fte's of audit staff, also 2.5 fte's Corporate Investigations staff. 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 Corporate Investigations is part of the Internal Audit team and the Corporate Investigations Officer (CIO) is responsible for investigating and reporting on, any offences against or within the council. An Annual Report is taken to Corporate

Governance & Audit Committee which details the work undertaken by the Corporate Investigations Team during the 2020-2021 financial year.

3.3 Internal Audit is responsible for reviewing the internal controls annually 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 2020/2021:

Completed Planned Audits

- Community Safety
- Usage of Corporate Credit Cards
- Renewal of DBS checks
- Destruction of old Laptops
- Asset Management
- Cash & Bank
- Council Tax
- Creditors
- Debtors
- Housing Benefits
- NNDR
- Payroll
- Treasury Management
- Recruitment & Selection
- Travel & Subsistence

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, to identify and ensure that the appropriate levels of internal control were in place. In addition, there are a few 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 2020/2021, five audits from the original audit plan were not undertaken and were deferred due to re-deployment assisting with the issuing of COVID Business Support grants, and staff absences, however they will be completed during 2021/2022.

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 six times in 2020-21. A report showing progress against the audit plan is also taken to each Corporate Governance and Audit Committee meeting.
- 5.2 A number of recommendations were raised and reported on during 2020-21, all of which had been agreed by management and then reported to Corporate Governance & Audit Committee. Several follow up reviews were also carried out during the year; to ascertain whether the recommendations made, had been implemented and deadlines met. Where recommendations were not implemented, they were brought to the attention of the Corporate Governance & Audit Committee as part of the follow-up process. During 2020/2021 all recommendations made had been agreed by management.

6 Opinion on the Control Environment

- 6.1 Based upon the Internal Audit work undertaken during the year 2020-21, the overall opinion is that 'satisfactory' assurance can be given, and generally that there is a sound system of internal control.