

Audit and Performance Committee Report

Date:	1 December 2021
Classification:	General Release
Title:	Internal Audit Progress Report (September to November 2021)
Wards Affected:	All
City for All Summary	Internal audit provides assurance to the Council that it has robust systems and controls in place to meet its priorities.
Financial Summary:	There are no financial implications arising from this report
Report of:	Gerald Almeroth, Executive Director of Finance and Resources
Report author:	Moira Mackie, Head of Internal Audit Contact Details: Moira.Mackie@rbkc.gov.uk . Tel: 07800 513 192

1. Executive Summary

- 1.1 This report summarises the work of Internal Audit in the period September to November 2021. Two audits have been finalised with a further six issued as draft reports. Although no overall opinion is given at this time on the adequacy and effectiveness of the Council's governance, risk management and controls, the Committee can be assured that sufficient internal audit work is planned to ensure an appropriate assurance opinion can be provided by the end of the financial year.
- 1.2 **Appendix 1** shows the finalised audits as at the end of November 2021 and the status of the remaining planned audits.

2. Recommendation

That the Committee consider and comment on the results of the internal audit work carried out during the period.

3. Reasons for Decision

The work undertaken by the Internal Audit Service is reported to the Committee during the financial year to enable the Committee to consider the progress made against the Internal Audit Plan and the outcomes of the completed audits which are considered as part of the Annual Assurance Opinion provided by the Shared Services Director for Audit, Fraud, Risk and Insurance.

4. Background, including Policy Context

4.1 The Committee are provided with updates at each meeting on progress against the Annual Audit Plan and on any limited or no assurance audits issued in the period.

4.2 The Audit Plan for 2021/22 was reviewed by the Committee in March 2021. To ensure that the Annual Audit Plan is more responsive to changing risks and challenges, it has been developed as a '3 plus 9-month' plan. This approach allows for the first three months to be identified in detail with the remaining nine months being more flexible to suit the needs of the Council at the time. The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The revised Plan is reported to the Committee on a quarterly basis and any significant changes in the coverage of the Plan will be highlighted.

Internal Audit Outcomes (September to November 2021)

4.3 Since the last report to the Committee two audits have been completed:

Audit	Assurance	RAG
Christchurch Bentinck Primary School	Substantial	Green
St Luke's Primary School	Satisfactory	Green

Audits of the Council's schools are carried out using an established probity audit programme, usually on a three-year cycle unless issues dictate a more frequent review. The programme is designed to audit the main areas of governance and financial control and has been fully reviewed to facilitate effective remote auditing where required. The programme's standards are based on legislation, the Scheme for Financing Schools and accepted best practice and the purpose of the audit is to help schools establish and maintain robust financial systems.

No significant issues were identified from the audits finalised any recommendations made will be followed up later in the year.

4.4 In addition, two advisory reports have been issued in the following areas:

- Investment Property Management
- Income Compensation Claim (Covid-19 funding).

4.5 Six audits have been issued as draft reports and are due to be finalised shortly.

Follow up

4.5 One follow-up review was undertaken in the period which confirmed that 71% of recommendations made had been fully implemented, with the implementation of the remaining recommendations in progress:

Audit	Recs Made	Recs Implemented	Recs in Progress	Recs not yet actioned
Financial Assessments (Advisory)	7	5	2	0
Total High Priority	0	0	0	0
Total Medium Priority	6	4	2	0
Total Low Priority	1	1	0	0

4.7 Follow up work is undertaken when the majority of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as “in progress”. Recommendations will be followed up until all high and medium priority recommendations are implemented or good progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area

5. Financial Implications

There are no financial implications from this report.

6. Legal Implications

There are no legal implications from this report.

7. Staffing Implications

There are no staffing implications from this report.

8. Consultation

The Internal Audit Plan and the work undertaken by the Internal Audit Service is prepared in consultation with the Council’s Executive Leadership Team and officers within the Council and supports the Executive Director’s responsibility under S151 of the Local Government Act 1972 relating to the proper administration of the Council’s financial affairs.

If you have any queries about this Report or wish to inspect any of the Background Papers - please contact:

Moira Mackie on 07800 513 192 Email: Moira.Mackie@rbkc.gov.uk

or

David Hughes on 07817 507 695 Email: David.Hughes@rbkc.gov.uk

BACKGROUND PAPERS:

Internal Audit Reports

Internal Audit Status Report as at end November 2021

Completed Audits:

Plan Area	Auditable Area	Issued	Assurance level given	No of High Priority Recs	No of Med. Priority Recs	No of Low Priority Recs	Reported to Committee
Finance & Resources	NNDR	Jul-2021	Substantial	0	0	1	Sept-2021
	Income Compensation Claim		Advisory	0	0	0	Dec-2021
	Investment Property Management		Advisory	2	6	1	Dec-2021
Schools	St Peter's Primary (Eaton Sq) (2020/21)	Aug-2021	Satisfactory	0	5	2	Sep-2021
	Robinsfield Primary (2020/21)	Jul-2021	Satisfactory	0	2	0	Sep-2021
	Christchurch Bentinck Primary	Sep-2021	Substantial	0	0	5	Dec-2021
	St Luke's Primary	Sep-2021	Satisfactory	0	3	2	Dec-2021
Environment & City Management	Trading Standards (2020/21)	May-2021	Satisfactory	1	4	0	Sep-2021
	Food Safety (2020/21)	Jun-2021	Limited	1	5	0	Sep-2021

Internal Audit Status Report as at end November 2021

Status of Planned Audits:

Plan Area	Draft Report Issued	In Progress	2021/22 Not Yet Due	Removed from Plan
Cross-cutting		<ul style="list-style-type: none"> • S113 Agreements Governance (Advisory) 	<ul style="list-style-type: none"> • Business Continuity – Compliance • Scheme of Delegated Authority 	
Adult Social Care			<ul style="list-style-type: none"> • Debt Management 	
Children's Services	<ul style="list-style-type: none"> • Payments & Direct Payments Team 	<ul style="list-style-type: none"> • Supporting People Claims (on-going) • Placements – Operational & Financial Systems Integration 		
Schools	<ul style="list-style-type: none"> • Hampden Gurney Primary 	<ul style="list-style-type: none"> • St Gabriel's CE Primary • Essendine Primary • Hallfield Primary • St Edward's RC Primary • St Vincent's RC Primary • St Augustine's Federated Schools – Secondary • Schools Thematic Work (VAT) 	<ul style="list-style-type: none"> • All Souls Primary • Burdett Coutts Primary 	
Finance & Resources	<ul style="list-style-type: none"> • IT Asset Management • Treasury Management (2020/21) 	<ul style="list-style-type: none"> • Key Financial Controls (on-going) 	<ul style="list-style-type: none"> • Council Tax • Housing Benefit • IT Audits TBC 	<ul style="list-style-type: none"> • IT – Programmes & Projects Governance
People Services		<ul style="list-style-type: none"> • Payroll Compliance Testing (on-going) • Pensions Admin (on-going) 	<ul style="list-style-type: none"> • Apprenticeship Levy Spend 	
Growth, Planning & Housing	<ul style="list-style-type: none"> • Lessee Charges (2020/21) 	<ul style="list-style-type: none"> • Housing H&S - Lifts Maintenance • Housing H&S - Electrical Safety 		<ul style="list-style-type: none"> • Social Value in Procurement
Environment & City Management	<ul style="list-style-type: none"> • Sayers Croft Outdoor Learning Centre 			
Innovation & Change		<ul style="list-style-type: none"> • Performance Reporting 	<ul style="list-style-type: none"> • Risk Management 	