

REPORT TO AUDIT & GOVERNANCE

Date of Meeting: 10th MARCH 2021

Report of: AUDIT MANAGERS

Title: INTERNAL AUDIT PROGRESS REPORT 3RD QUARTER 1st OCTOBER TO 31st DECEMBER 2020

Is this a Key Decision?

No

Is this an Executive or Council Function?

COUNCIL

1. What is the report about?

- 1.1 To report on internal audit work carried out during the period 1st October to 31st December 2020, to advise on overall progress against the Audit Plan and to report any emerging issues requiring consideration.

2. Recommendations:

- 2.1 That the Internal Audit Progress Report for the third quarter of the year 2020/21 be noted.
- 2.2 That the amendments to the 20/21 Internal Audit Plan detailed in section 8.2 be approved.

3. Reasons for the recommendation:

- 3.1 One of the roles of this committee is to review quarterly internal audit reports and the main issues arising and seek assurance from management that action has been taken, where necessary.

4. What are the resource implications including non-financial resources:

None

5. Section 151 Officer comments:

The internal Audit Plan for 2020-21 continues to be affected by the pandemic. However, members should be assured that the team have focused their efforts on supporting new and often untested areas of control, which provides significant comfort, when the Council is required to transfer public money quickly. It is the section 151 Officers opinion that this has been the most effective use of the Internal Audit resource this year.

6. What are the legal aspects?

None identified.

7. Monitoring Officer Comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

- 8.1 This Committee is responsible for the implementation and active monitoring of audit processes and actions, which includes performance against the annual audit plan, reviewing quarterly internal audit progress reports and seeking responses and assurance from management where remedial action has not been agreed or implemented within a reasonable timescale. The 2020/21 Audit Plan was approved at this Committee on 11th March 2020. However, as a result of the response to the Covid19 pandemic, this plan was reviewed and updated by the Audit Manager and a revised plan was approved by this Committee on 16th September 2020 and again on the 25th November 2020.

The purpose of internal audit is to provide an independent, objective assurance and consulting service designed to add value and improve the Council's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit Service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. Each of the activities we audit are given an assurance rating as follows:

Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met
Satisfactory Assurance	Whilst there is a basically sound system of internal control there are weaknesses which put some of the objectives at risk or there is evidence that the level of non-compliance with some of the controls may put some of the objectives at risk
Limited Assurance	Weaknesses in the system of internal controls are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No assurance	Control is generally weak leaving the system open to error or abuse or significant non-compliance with basic control processes leaves the processes/systems open to error or abuse

8.2 Work Undertaken

Internal Audit's objective is to examine the Council's financial and non-financial systems to check that there are adequate internal controls in place to prevent loss due to frauds, errors and inefficiency, and due attention is paid to corporate governance and risk management.

A summary of progress against the annual audit plan to date is shown at Appendix A, together with the current status of each area for review and the outcomes of the review, where completed.

I am pleased to report that agreed actions from previous audit reports are being progressed satisfactorily and that there are no instances where remedial action was not agreed by management during this quarter.

Progress against the revised annual audit plan is good, however, due to the ongoing Covid19 Pandemic, the Council has once again be required to administer further government business grants as a result of the second National lockdown and therefore more post-award compliance checking will need to be undertaken to minimise the risk of fraudulent claims. As a result of this and the significant additional work pressures on certain services of the Council from the pandemic, it will be necessary to postpone some of the planned audits to next year. Next year's audit plan is being presented to this meeting in a separate report.

Following a request by Director Net Zero Exeter and City Management and a review of the audit risk matrix the following areas are to be postponed to 21/22:

- Health and Safety
- Equalities and Diversity

In addition, the Insurance audit (low risk) will be postponed until 21/22.

8.3 Governance Issues

The Council's annual governance statement (AGS) includes some significant Governance issues and an action plan has been compiled which will be subject to regular monitoring by the Audit and Governance Committee.

The action plan of the issues identified has been included in Appendix B.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 Good governance contributes to the Council's purpose of a "Well Run Council".

10. What risks are there and how can they be reduced?

N/A

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equality Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report is for information only

12. Are there any other options?

N/A

**Helen Kelvey/Helen Putt
Audit Manager**

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

Contact for enquiries:
Democratic Services (Committees)
Room 2.3
01392 265115