

## **REPORT TO AUDIT AND GOVERNANCE COMMITTEE**

**Date of Meeting: 11 March 2020**

**Report of: AUDIT MANAGERS**

**Title: INTERNAL AUDIT PROGRESS REPORT 3<sup>rd</sup> QUARTER 1 OCTOBER TO 31 DECEMBER 2019**

**Is this a Key Decision?**

No

\* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

**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 1<sup>st</sup> October to 31<sup>st</sup> December 2019, 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 2019/20 be noted.

### **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.**

4.1 None

### **5. Section 151 Officer comments:**

5.1 The outcome of the audits completed is generally positive. Where issues have been identified it is pleasing to note that management continue to address them. Members should note the outcome of the Public Sector Internal Audit standards 2016 (PSIAS) independent external review. This demonstrates that although the team is very small, it is proving effective. The Section 151 Officer congratulates the team on a continually strong performance.

**6. What are the legal aspects?**

None identified

**7. Monitoring Officer's comments:**

This report raises no issues of concern to 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 2019/20 Audit Plan was approved at this Committee on 13th March 2019.

The purpose of Internal Audit is to provide an independent and objective review of the adequacy and effectiveness of the Council's arrangements for internal control, risk management and governance. 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

8.1 Progress against the plan and 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.

Progress against the annual audit plan is currently being actively managed by the Audit Manager. Due to a number of workshops supporting the implementation of agile and flexible working during quarters two and three, the number of productive available audit days have been reduced and this has had a small impact on our ability to deliver the full plan. In order to manage this and to accommodate issues within service areas some small changes have been necessary to the plan. We have deferred Business Continuity Management and Insurance to 20/21 and the Waterways audit has been brought forward to this audit year due to the recent purchase of business with responsibility for management of moorings on the Exe Estuary. As always, this will continue to be monitored by the Audit Managers and the plan reassessed as needed. Any significant amendments will be reported to this committee.

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.

### 8.2 Public Sector Internal Audit Standards (PSIAS) External Review

As reported in our Annual Plan report during the last quarter we have been working with the Devon Audit Partnership for our Public Sector Internal Audit standards 2016 (PSIAS) independent external review, which is a requirement every five years. We are very pleased to be able to report that the external assessor concluded that:

“It is our overall opinion that the Exeter City Council Internal Audit Team **generally conforms** to the Public Sector Internal Audit Standards, including the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.” **Generally Conforms** is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

### 8.3. Governance Issues

The Council’s annual governance statement (AGS) reported that as a result of the audit work that has been undertaken throughout the year no significant issues have been identified. However, the Council continues to make enhancements and improvements to its governance arrangements and an action plan has been compiled which will be subject to regular monitoring by the Audit and Governance Committee.

An 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 purposes of a “Well Run Council” and “Value-for-money services”.

## 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 Equalities 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. Carbon Footprint (Environmental) Implications:**

12.1 No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

N/A

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Local Government (Access to Information) Act 1972 (as amended)  
Background papers used in compiling this report:-

None

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