

**Committee:** Governance, Audit and Performance Committee

**Date:**

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**Title:** Internal Audit Progress Report, 16 December 2019 to 15 May 2020

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## Summary

1. To report to the Governance, Audit & Performance Committee details of work undertaken by Internal Audit since the last report to the Committee on 13 January 2020 and to provide an update on the impact of the Covid-19 emergency on the work of Internal Audit

## Recommendations

2. That the Internal Audit Progress Report 16 December 2019 to 15 May 2020 be noted.

## Financial Implications

3. None. There are no costs associated with the recommendations

## Background Papers

4. None.

## Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2019/20 referred to in this report has been approved by the Corporate Management Team and endorsed by the Governance, Audit & Performance Committee.
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none

Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

## Situation

6. The purpose of this report is to provide management and members with details of:
  - i) Impact of the Covid-19 emergency on the work of Internal Audit from March 2020;
  - ii) Work completed by Internal Audit since the last report to the Governance, Audit & Performance Committee at its meeting 13 January 2020;
  - iii) Performance against the Internal Audit Work Programme 2019/20;
  - iv) Risk level 3 and 4 highest priority recommendations implemented since the last report to Members;
  - v) A review of recommendations during the Covid-19 emergency.

## Impact of the Covid-19 Emergency on the work of Internal Audit

7. Since 18 March 2020 the Internal Audit Manager and Internal Auditors have been working from home.
8. Internal Audit is not considered a critical service, our work priority has been to complete as far as possible the audits on the 2019/20 Internal Audit Programme and to continue to provide advice and assistance to all services during the emergency.
9. Progress on the 2019/20 Audit work has been reviewed weekly; by 17 April the level of remote audit work required to complete audits had reduced sufficiently for the Audit Manager to be able to offer Internal Audit resource for assistance and re-deployment to critical service areas
10. From 22 April, in tandem with completing audit work as far as possible, Internal Auditors have been working with the Revenues Service and the Benefits Service providing resources to assistance in checking Business Grant applications and Benefits claims
11. At 15 May 2020, 8 audits remained unfinished of these it is expected we may be able to finalise 2 before 31 May 2020
12. For the remaining 6 audits all audit work has now been suspended because the further testing work or the discussions and agreement on findings and draft

recommendations required to complete the audit work cannot be undertaken at the present time.

13. Internal Interim Reports have been issued for these 6 audits to the officers concerned. As agreement has not been reached on recommendations we will not be giving any assurance opinions on these services at this time.
14. All of the audits for which an Interim Report has been issued will be included in the 2020/21 Audit Programme; the scope of the 2020/21 audit will include re-examining the 2019/20 audit work along with the current situation at the time of the new audit.
15. The Draft Internal Audit Programme 2020/21 was included in the Information Pack sent to members of this committee on 25 March 2020. Due to the impact of the Covid-19 emergency, the Internal Audit Programme 2020/21 will be reviewed and updated to take into consideration the reduced number of days that will be able for internal work during the year. At this time it is considered unlikely that audit work on the 2020/21 programme will commence before 01 September 2020.
16. The Internal Audit Strategy and Work Plan for 2020/21 is expected to be presented to the July 2020 meeting of this committee.

#### **Work Undertaken by Internal Audit 16 December 2019 to 15 May 2020**

17. A Since the last report to the Committee:

- i) Between 16 December 2019 and 15 May 2020, 12 audits from the 2019/20 audit programme have been completed and final reports issued with a total of 39 recommendations being made;
- ii) All final audit reports issued have been copied to Governance, Audit & Performance Committee Members and are available on the Council's Intranet. A summary of final reports issued is presented at Appendix A (i);
- iii) At 15 May we have 2 audits which we anticipate may be finalised by 31 May 2020.
- iv) Internal Interim Reports have been issued for 6 audits. Progress on the 2019/20 programme is presented at Appendix A (ii).

#### **Recommendations Implemented 16 December 2019 to 15 May 2020**

18. Four level 3 or level 4 recommendations were implemented during this period; a summary is presented at Appendix A (iii).

#### **Review of Recommendations March 2020**

19. Due to the impact of the Covid-19 emergency on the ability of services to implement recommendations March 2020 we undertook a review of all recommendations with an original due date between 31 March and 30 June

2020. In consultation with the senior officers involved, we have amended due dates of recommendations to 30 June 2020 or later. A further review will be undertaken in June 2020.

## Risk Analysis

20.

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	1 Action is already being taken towards the implementation of the recommendations contained in the reports	2 There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified	Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non-compliance

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.