

Committee: Governance, Audit and Performance Committee

Title: Internal Audit Interim Report 2020/21

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Summary

1. This report summarises the work that Internal Audit has undertaken from April to December 2020 and sets out forthcoming work to end of March 2021.

Recommendations

2. GAP Committee are requested to note the content of this report.

Financial Implications

3. None

Background Papers

4. None

Impact

- 5.

Communication/Consultation	This report has been discussed with, and noted by, Service Managers and CMT during January 2021.
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. Update on 2020/21 Plan Delivery

6.1. Elizabeth Brooks joined the Internal Audit Team in November 2020 as Audit Manager, following the retirement of the previous Audit Manager. The role is being shared between Chelmsford City Council and Uttlesford District Council, with the Audit Manager providing 18 hours per week to UDC. The arrangement will be reviewed again in March 2021.

6.2. Current resourcing is therefore as follows:

- 2.1 FTE staff – 0.5 FTE (Audit Manager); 1.0 FTE (Auditor) and 0.6 FTE (Auditor)

6.3. It is understood that the revised audit plan for 2020/21 was approved by GAP Committee in September 2020 (which had been delayed due to impact of Covid-19). Further changes were subsequently made to the plan to focus coverage on the higher risks to the Council, and to widen the scope in some of the key areas, and progress is detailed below. The reconciliation between the original plan presented to GAP in September 2020 and subsequent coverage is detailed at Appendix A.

6.4. We are on track to complete the revised audit plan by end March 2021. Further deferrals may need to be made to accommodate any emerging high priority/urgent pieces of work as necessary; these will, however, be discussed and agreed with management.

7. 2020/21 Plan Update

7.1. Work Completed

Report Title	Key Issues Arising
Equality & Diversity	The scope of this audit focussed on implementation of the recommendations made in the 2019/20 review and on the controls in place to mitigate Covid-19 risks. Our audit work has confirmed that of the nine recommendations made in the 2019/20 review, eight are considered to have been implemented and one is considered to have been partially implemented, with a recommendation made to address further action required.
Health & Safety	The scope of this audit focussed on implementation of the recommendations made in the 2019/20 review and on the controls in place to mitigate Covid-19 risks. The Covid-19 emergency has however had considerable impact on the resource available within the service and its ability to

Report Title	Key Issues Arising
	<p>implement previous recommendations.</p> <p>Our audit work has confirmed that of the five recommendations previously made:</p> <ul style="list-style-type: none"> • 2 are considered to have been implemented; • 1 was partially implemented with a recommendation made to address further action required; • 1 has been superseded with a recommendation made to address further action required; • 1 has not been implemented due to Covid-19 priorities and the recommendation has been re-iterated.
Housing Benefits	<p>The audit approach involved a high-level review of key risks relating to Housing Benefits, specifically where the service may have been impacted by Covid-19, and the findings are based on responses provided by the Benefits Manager in the Key Control Questionnaire. Due to the limited scope, it is unrepresentative to issue an internal audit opinion, however, based on the discussions with management, the identified risks are being managed and no recommendations are required at this stage.</p>
Licencing	<p>The scope of this audit focused on the follow-up to the original 2019/20 audit review and assessment of potential Covid-19 related risks which may have emerged during 2020. In the previous audit report, seven recommendations (three high, four medium priority) were made and accepted by management. Based on the evidence presented, our follow up confirmed that:</p> <ul style="list-style-type: none"> • Six recommendations have been implemented, • One recommendation (high priority) has not yet been implemented relates to GDPR and the revised target date for implementation has been agreed for April 2021.
Insurance	<p>No critical/high priority findings were identified during the review. Medium priority findings related to the development of a Corporate Insurance Policy and Management Information.</p>

7.2. Work in Progress as at December 2020

Audit Ref	Audit Title	Status
PS20_7	Domestic Waste & Recycling	Review of the processes and procedures in place in respect of the Council's Domestic Waste and Recycling Service. The review was originally started in March 2020 but had to be halted due to the Covid-19 pandemic. It was revisited in December 2020, with additional consideration of the impact of C.19 on the control environment. Reporting due Q4.
PS20_5	Community Response Hub	Review of the new and emerging Community Response Hub Covid-19 Specific work. Reporting due Q4.
FC20_1	HR & Payroll	Follow up assessment of the implementation of the recommendations made in the 2019/20 Audit. Reporting due Q4.
PS20_6	Section 106 Obligations	Review of the effectiveness of the design and operation of controls for demonstrating compliance with Section 106 Planning obligations, ensuring funds are received and spent in line with policy and legal requirements. Reporting due Q4.
GL20_1	Information Governance	Review of the effectiveness of Council's data policy and information governance controls across the Council. Reporting due Q4.
FC20_5	Key Financial Systems 2020/21	The aim of this review is to identify the key controls within the Council's key financial systems and devise an overarching programme of testing across the different systems and processes to give assurance on the effectiveness of these controls. Systems in 2020/21 include Accounts Payable, Accounts Receivable, Cash & Bank and General Ledger. Reporting due Q4.
PS20_2	Housing Allocations	Review of the effectiveness of procedures in place to ensure the housing register and allocations process are managed and delivered in accordance with the Council's Housing Allocations Scheme. Reporting due Q4.

7.3. Work Scheduled to 31st March 2021

Audit Ref	Audit Title	Indicative Scope
XC20_1	COVID-19 Project	To undertake an independent review of the Council's response to Covid-19 beyond its initial incident management phase, to identify best practices and any lessons learned/emerging issues.
XC20_2	Uttlesford Norse	To review the governance arrangements in place for the Council's new arrangement with Uttlesford Norse.
FC20_3	Remote Working/Cyber Security	To review the Council's policies and procedures in relation to Cyber Security and Remote Working

7.4. Deferrals/Cancellations

Original 2020/21 Plan	Comments
Leisure PFI	2021/22 Plan
Trade Waste	2021/22 Plan
Waste - Income Generating Services	2021/22 Plan
Democratic Services	2021/22 Plan
Business Continuity & Emergency Planning	2021/22 Plan
Homelessness, Options & Voids	2021/22 Plan
Housing - Landlord Services	2021/22 Plan
Commercial Enterprises & Investments	2021/22 Plan
ICT	2021/22 Plan
Covid-19 specific work & Car Parking Partnership (NEPP)	2021/22 Plan

Original 2020/21 Plan	Comments
Contract Management	2021/22 Plan
Finance - Budgets	2021/22 Plan
Procurement	2021/22 Plan
EU Exit	Associated risks will be considered within scopes of applicable reviews
Revenues - Business Rates	Will be considered within Key Financial Systems scope
Revenues - Rents	Will be considered within Key Financial Systems scope
Performance Management	Will be considered within scopes of applicable reviews
Risk Management	Will be considered within scopes of applicable reviews
Museum	Will be reassessed once reopen
Counter Fraud	Will be reviewed as part of a self-assessment against CIPFA's Managing the Risk of Fraud and Corruption
Communication/ Consultation & Website	Will be considered for inclusion as a result of other deferrals/cancellations, or for 2022 plan
Printing & Mailroom	
Environmental Health	
Housing - Supporting People	
Building Control	
Development Management	

Appendix A

Reconciliation between original plan received by GAP (September 2020) to current status (January 2021)

Original Plan received by GAP (September 2020)	Status as at January 2021
Health & Safety	Completed
Benefits	Completed
Insurance	Completed
Licensing	Completed
Equality & Diversity	Completed
Domestic Waste & Recycling	Due for completion Q4
Housing Allocations	Due for completion Q4
Information Governance	Due for completion Q4
Section 106 Obligations	Due for completion Q4
Communities Hub	Due for completion Q4
Human Resources	Due for completion Q4
Uttlesford Norse	Due for completion Q4
COVID-19 Project	Due for completion Q4
Finance - Income, Fees & Charges	Due for completion Q4 as part of KFS 2020/21
Finance - Main Accounting System	Due for completion Q4 as part of KFS 2020/21
Revenues - Council Tax	Due for completion Q4 as part of KFS 2020/21
Revenues - Recovery	Due for completion Q4 as part of KFS 2020/21
Homelessness, Options & Voids	2021/22 Plan
Business Continuity & Emergency Planning	2021/22 Plan
Commercial Enterprises & Investments	2021/22 Plan
Contract Management	2021/22 Plan
Finance - Budgets	2021/22 Plan
Procurement	2021/22 Plan
Democratic Services	2021/22 Plan
Leisure PFI	2021/22 Plan
Waste - Income Generating Services	2021/22 Plan

Original Plan received by GAP (September 2020)	Status as at January 2021
Trade Waste	2021/22 Plan
Housing - Landlord Services	2021/22 Plan
ICT	2021/22 Plan
Car Parking Partnership (NEPP)	2021/22 Plan
EU Exit	Associated risks will be considered within scopes of applicable reviews
Revenues - Business Rates	Will be considered within Key Financial Systems scope
Revenues - Rents	Will be considered within Key Financial Systems scope
Performance Management	Will be considered within scopes of applicable reviews
Risk Management	Will be considered within scopes of applicable reviews
Museum	Will be reassessed once reopen
Counter Fraud	Will be reviewed as part of a self-assessment against CIPFA's Managing the Risk of Fraud and Corruption
Environmental Health Commercial	Will be considered for inclusion as a result of other deferrals/cancellations or for 2022 plan
Environmental Health Protection	Will be considered for inclusion as a result of other deferrals/cancellations or for 2022 plan
Housing - Supporting People	Will be considered for inclusion as a result of other deferrals/cancellations or for 2022 plan
Building Control	Will be considered for inclusion as a result of other deferrals/cancellations or for 2022 plan
Development Management	Will be considered for inclusion as a result of other deferrals/cancellations or for 2022 plan
Communication	Will be considered for inclusion as a result of other deferrals/cancellations or for 2022 plan
Consultation & Website	Will be considered for inclusion as a result of other deferrals/cancellations or for 2022 plan
Printing & Mailroom	Will be considered for inclusion as a result of other deferrals/cancellations or for 2022 plan

Risk Analysis

8.

Risk	Likelihood	Impact	Mitigating actions
Inadequate audit coverage may lead to failure to provide an annual opinion of the Council's governance, risk and control arrangements; reputational damage and failure to comply with PSIAS	2	2	Monitoring of plan delivery and reporting to CMT and GAP, contingency built into plan for additional days if required; Quality Assurance and Improvement Programme

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.