



Audit and Governance Committee

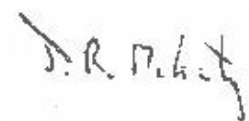
Meeting: Monday, 14th September 2020 at 6.30 pm in Microsoft Teams

| | |
|--------------------|---|
| Membership: | Cllrs. Wilson (Chair), Brooker (Vice-Chair), Bowkett, Hampson, Lugg, D. Norman, Patel and Toleman |
| Contact: | Democratic and Electoral Services 01452 396126 democratic.services@gloucester.gov.uk |

AGENDA

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| | <p>VIEWING ARRANGEMENTS FOR REMOTE MEETINGS</p> <p>View the meeting here: https://bit.ly/3iahYNk</p> <p>The meeting is being broadcast live using Microsoft Teams. We recommend that you install the Microsoft Teams app on your device for the best viewing experience. If viewing via a web browser, please note that this is not possible if using Safari; instead please download the Microsoft Teams app or the Microsoft Edge browser.</p> <p>Further advice on accessing meetings through Teams, is available here:</p> <p>https://support.office.com/en-us/article/Attend-a-live-event-in-Teams-a1c7b989-ebb1-4479-b750-c86c9bc98d84</p> |
| 1. | <p>APOLOGIES</p> <p>To receive any apologies for absence.</p> |
| 2. | <p>DECLARATIONS OF INTEREST</p> <p>To receive from Members, declarations of the existence of any disclosable pecuniary, or non-pecuniary, interests and the nature of those interests in relation to any agenda item. Please see Agenda Notes.</p> |
| 3. | <p>MINUTES (Pages 5 - 10)</p> <p>To approve as a correct record the minutes of the meeting held on 20 July 2020.</p> |
| 4. | <p>PUBLIC QUESTION TIME (15 MINUTES)</p> <p>To receive any questions from members of the public provided that a question does not relate to:</p> <ul style="list-style-type: none">• Matters which are the subject of current or pending legal proceedings, or• Matters relating to employees or former employees of the Council or comments in respect of individual Council Officers |

| | |
|------------|---|
| | <p><i>If you would like to ask a question at this meeting, please contact democratic.services@gloucester.gov.uk as soon as possible and by Wednesday 9 September at the latest.</i></p> |
| 5. | <p>PETITIONS AND DEPUTATIONS (15 MINUTES)</p> <p>To receive any petitions and deputations provided that no such petition or deputation is in relation to:</p> <ul style="list-style-type: none"> • Matters relating to individual Council Officers, or • Matters relating to current or pending legal proceedings <p><i>If you would like to present a deputation or petition at this meeting, please contact democratic.services@gloucester.gov.uk as soon as possible and by Wednesday 9 September at the latest.</i></p> |
| 6. | <p>STATEMENT OF ACCOUNTS</p> <p>To receive the final statement of accounts (report to follow).</p> |
| 7. | <p>DELOITTE EXTERNAL AUDIT REPORT 2019/20 (ISA 260 TO THOSE CHARGED WITH GOVERNANCE)</p> <p>To receive the final report of the Council's External Auditor (report to follow)</p> |
| 8. | <p>INTERNAL AUDIT ACTIVITY 2020/21 - PROGRESS REPORT (Pages 11 - 34)</p> <p>To receive the Head of Audit Risk and Assurance's Quarterly Report on Internal Audit Activity.</p> |
| 9. | <p>REVISED INTERNAL AUDIT PLAN 2020/21 (Pages 35 - 64)</p> <p>To receive the revised internal audit plan for 2020/21 in light of COVID-19.</p> |
| 10. | <p>AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 65 - 66)</p> <p>To consider the Work Programme.</p> |
| 11. | <p>DATE OF NEXT MEETING</p> <p>16th November 2020 at 6.30pm</p> |



Jon McGinty
Managing Director

Date of Publication: Friday, 4 September 2020

NOTES

Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

| <u>Interest</u> | <u>Prescribed description</u> |
|---|---|
| Employment, office, trade, profession or vocation | Any employment, office, trade, profession or vocation carried on for profit or gain. |
| Sponsorship | Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992. |
| Contracts | Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged |
| Land | Any beneficial interest in land which is within the Council's area. For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income. |
| Licences | Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer. |
| Corporate tenancies | Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest |
| Securities | Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or land in the Council's area and (b) either – i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, your spouse or civil partner or person with |

whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

Access to Information

Agendas and reports can be viewed on the Gloucester City Council website: www.gloucester.gov.uk and are available to view five working days prior to the meeting date.

For enquiries about Gloucester City Council’s meetings please contact Democratic Services, 01452 396126, democratic.services@gloucester.gov.uk.

If you, or someone you know cannot understand English and need help with this information, or if you would like a large print, Braille, or audio version of this information please call 01452 396396.

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Please be aware that meetings may be recorded. There is no requirement for those wishing to record proceedings to notify the Council in advance; however, as a courtesy, anyone wishing to do so is advised to make the Chair aware before the meeting starts.

Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the Public and Press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

FIRE / EMERGENCY EVACUATION PROCEDURE

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions:

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building; gather at the assembly point in the car park and await further instructions;
- Do not re-enter the building until told by a member of staff or the fire brigade that it is safe to do so.



AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 20th July 2020

PRESENT : Cllrs. Wilson (Chair), Brooker (Vice-Chair), Bowkett, Hampson, Lugg, D. Norman, Patel and Toleman

Others in Attendance

Corporate Director, Transformation
Head of Audit, Risk and Assurance
Head of Cultural Services
Head of Policy and Resources
Chartered Institute of Internal Auditors
Deloitte
Accountancy Manager
Accountancy Manager
Democratic and Electoral Services Team Leader

APOLOGIES : None

1. APPOINTMENT OF CHAIR AND VICE-CHAIR

1.1 **RESOLVED:** - That the appointments of Chair and Vice-Chair at Annual Council be noted.

2. DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3. MINUTES

3.1 The minutes of the meeting held on 9 March 2020 were confirmed as a correct record.

4. PUBLIC QUESTION TIME (15 MINUTES)

4.1 There were no public questions.

5. PETITIONS AND DEPUTATIONS (15 MINUTES)

5.1 There were no petitions or deputations.

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6. INTERNAL AUDIT - EXTERNAL QUALITY ASSESSMENT

- 6.1 John Chesshire of the Chartered Institute of Internal Auditors introduced the External Quality Assessment of the Internal Audit Function (ARA) and informed Members that it was unusual for an Internal Audit operation to meet all the required international standards which ARA had done. He stated that it was rare to have given this level of assurance and that the Council had a very competent and effective Internal Audit service which conformed to all international standards.
- 6.2 The Chair emphasised that it was the assessors and not Members who had reached this conclusion and that the positive assessment was welcome. He noted the reference to staff turnover in the service as a potential threat and queried if the team was aware of this prior to the assessment and if measures were being deployed to mitigate this.
- 6.3 John Chesshire advised that the Chief Internal Auditor (Head of ARA) was aware of this and that he was pleased with the positive steps that had been introduced such as the trainee auditor scheme. The Head of ARA clarified that the issue with staff turnover was not unique to Gloucester but existed across the public sector where there were historic difficulties in recruiting and retaining good quality public sector auditors. She outlined the career graded traineeship scheme which was progressing well and cited one member of the team who had completed the promotion process.
- 6.4 **RESOLVED that:-** The Audit and Governance Committee **NOTE** that the EQA concluded that the ARA team:

(1) Meets each of the 64 Standards, as well as the Definition, Core Principles and the Code of Ethics, which form the mandatory elements of the Public Sector Internal Audit Standards (PSIAS) and the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard for quality in Internal Auditing;

(2) Are excellent in their reflection of the Standards; Focus on performance, risk and adding value; and Quality Assurance and Improvement Programme;

(3) Are good in their: Operating with efficiency and (4) Like many internal audit functions at the present time, the ARA team is satisfactory in coordinating and maximising assurance.

7. DELOITTE EXTERNAL AUDIT REPORT 2019/20 (ISA 260 TO THOSE CHARGED WITH GOVERNANCE)

- 7.1 Michelle Hopton, (external auditor) of Deloitte introduced the report and outlined key aspects. She stated that the audit had progressed very well thus far particularly in the context of the ongoing pandemic. She further stated that the Council's finance team was well prepared in terms of the accounts.

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- 7.2 The external auditor stated that some errors were still being worked through in relation to valuation and treatment of Kings Walk. The finance liability in respect of Kings Walk had been recalculated. The Head of Policy and Resources confirmed that the correct adjustment had been made. She further stated that Deloitte was in the process of finalising pension testing and was awaiting a letter from the pension auditor. It was anticipated that this would be received by the end of August.
- 7.3 The external auditor also confirmed that Deloitte was finalising the joint venture as well as testing concerning the financial statements. She also outlined that materiality had been recalculated which was standard practice for each audit. Significant risk testing had also been progressed.
- 7.4 With the regard to unresolved Value for Money matters raised by the Chair, the external auditor confirmed that testing was being finalised and that there was nothing of concern to raise at this stage. She also confirmed that the final report would be available for the September Committee meeting.
- 7.5 **RESOLVED that:-** The Audit and Governance Committee **NOTE** the interim ISA 260.

8. STATEMENT OF ACCOUNTS

- 8.1 The Head of Policy and Resources informed Members that, despite there being an extension granted due to the COVID-19 pandemic, he had sought to complete the accounts by the initial deadline. He advised that final sign off would not occur by 31 July 2020 as the completion of the pension audit was still to be confirmed. He further advised that there were no major issues to be addressed.
- 8.2 The Chair shared his view that the right course of action had been taken in working to the original deadline. The Head of Policy and Resources confirmed that the final sign off would be completed with the external auditors once the pension auditors letter had been received.
- 8.3 **RESOLVED that:-** The Chair and Head of Policy and Resources are delegated to approve and sign the Statement of Accounts upon completion of the pension fund audit and subject to any subsequent changes.

9. TREASURY MANAGEMENT ANNUAL REPORT 2019/20

- 9.1 The Accountancy Manager introduced the report detailing the Council's performance for the previous financial year. He confirmed the funds available as well as the Council's performance against benchmarks for the period which the Council outperformed. He also outlined the new borrowing during the period, predominantly to facilitate the purchasing of St. Oswald's retail park and the Eastgate Shopping Centre. The Accountancy Manager explained that due to an increase of 1% by the PWLB on borrowing rates, the Council had taken out a number of smaller loans in order to reduce its

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repayment rate to be more closely aligned to previously anticipated borrowing rates.

- 9.2 The Chair praised the fact that the benchmarks had been outperformed. In response to a query regarding taking out multiple, smaller loans over a shorter period, the Accountancy Manager confirmed that the interest rates were lower and therefore more beneficial to the Council.
- 9.3 Councillor D. Norman complimented the Accountancy Managers for their astute financial work in reaching such a positive treasury position. Members thanked the finance team for their endeavours in ensuring the Council was in a healthy financial position going forward.
- 9.4 **RESOLVED that:-** The Audit and Governance Committee **NOTE** the report.

10. ANNUAL REPORT ON INTERNAL AUDIT ACTIVITY 2019/20

- 10.1 The Committee considered the annual report of the Head of ARA who highlighted key points including the satisfactory opinion, provided on the Council's control environment. She also stated that no limitations had been placed on the scope of Internal Audit's activity.
- 10.2 The Head of ARA brought to Members' attention the counter fraud activity undertaken during the year and also stated that as a result of efficiencies with ARA, a dividend of £17k had been provided to the Council..
- 10.3 The Head of ARA highlighted the one limited assurance report which related to Health and Safety arrangements. She reported that a positive update had been received from the Head of Communities and that a follow up audit review would be undertaken during 20/21 with the outcomes provided to the Audit and Governance Committee. The Committee requested that the Head of Communities provided a further management update to the January 2021 Audit and Governance Committee.
- 10.4 The Chair commented that the level of completed audits was a good result despite the COVID-19 pandemic. He anticipated that this would have an effect on internal audit's activity for the coming year. The Head of ARA confirmed that the audit plan would be revisited in September with any amendments made where necessary and further discussed with and reported to, the Audit and Governance Committee.
- 10.5 **RESOLVED that: -**
- (1) From the findings set out in the Internal Audit Annual Report, the Audit and Governance Committees takes reasonable assurance that the internal control environment, comprising risk management, control and governance is operating effectively;
 - (2) Note that the performance of Internal Audit meets the required standards;

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- (3) Note the Council wide counter fraud activity during 2019/20 which includes the fraud reporting requirements as mandated by the Local Government Transparency Code 2015 (paragraph ref 7b); and
- (4) Requests senior management attendance at the January 2021 meeting of the Committee to provide an update on the actions taken in relation to the recommendations made in the Health and Safety follow up internal audit.

11. THE GUILDHALL AND BLACKFRIARS PRIORY - INCOME RECEIVED FROM EVENTS LIMITED ASSURANCE MANAGEMENT UPDATE

- 11.1 The Head of Cultural Services introduced the management update as a result of the limited assurance given by internal audit.
- 11.2 He confirmed which actions had been completed and which were in progress. With regard to priorities regarding ticketing, the Head of Cultural Services confirmed that such discussions had not yet taken place due to the fact that events were not permitted during the current health crisis.
- 11.3 The Head of ARA confirmed that all actions would be subject to internal audit follow up work and would be reported to a future meeting of the Committee.
- 11.4 **RESOLVED that:** - The Audit and Governance Committee **NOTE** the update.

12. IT DISASTER RECOVERY AND BUSINESS CONTINUITY LIMITED ASSURANCE MANAGEMENT UPDATE

- 12.1 The Head of Policy and Resources provided the limited assurance management update and informed Members there was one matter left to be attended to which was the moving of hardware from the Council's former offices. This was expected to happen in September. This would allow the Council to align disaster recovery with service recovery. Once this move had occurred, all the requirements of the limited assurance report would be fulfilled.
- 12.2 **RESOLVED:-** That the Audit and Governance Committee **NOTE** the update.

13. ANNUAL GOVERNANCE STATEMENT, LOCAL CODE OF CORPORATE GOVERNANCE AND COUNCIL WIDE ASSURANCE MAP 2019/20

- 13.1 The Head of ARA introduced the report and outlined the three key governance areas identified during 2019/2020: future financial stability (which reflected the present impact of COVID-19), the impact of COVID-19 on governance and key governance issues related to Marketing Gloucester Limited and the Council's response.
- 13.2 The Head of ARA advised that actions taken to address the governance issues identified would be monitored by the Audit and Governance

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Committee with an update being provided to the Committee in January 2021..

- 13.3 The Chair congratulated the Audit team for producing an eminently readable document and recommended that all Members read it as it provided a good summary of how governance arrangements operated at the Council.
- 13.4 **RESOLVED that:-** the AGS 2019/20 (including the actions planned by the Council to further enhance good governance arrangements), as set out in Appendix 1, be approved.

14. COUNTER FRAUD AND CORRUPTION POLICY AND STRATEGY

- 14.1 The Head of ARA introduced the report and outlined the three key governance areas identified during 2019/2020: future financial stability (which reflected the present impact of COVID-19), the impact of COVID-19 on governance and key governance issues related to Marketing Gloucester Limited and the Council's response.
- 14.2 The Head of ARA advised that actions taken to address the governance issues identified would be monitored by the Audit and Governance Committee with an update being provided to the Committee in January 2021..
- 14.3 **RESOLVED that:-** the Counter Fraud and Corruption Policy and Strategy be approved.

15. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

- 15.1 **RESOLVED that:-** The Audit and Governance Committee **NOTE** the Work Programme.

16. DATE OF NEXT MEETING

- 16.1 Monday 14th September 2020 at 6.30pm.

Time of commencement: 6.30 pm hours
Time of conclusion: 7.40 pm hours

Chair



| | | | |
|-------------------------|--|---------------------------------|---------------------------------------|
| Meeting: | Audit and Governance Committee | Date: | 14th September 2020 |
| Subject: | Internal Audit Activity Progress Report 2020/21 | | |
| Report Of: | Head of Audit Risk Assurance (Chief Internal Auditor) | | |
| Wards Affected: | Not applicable | | |
| Key Decision: | No | Budget/Policy Framework: | No |
| Contact Officer: | Theresa Mortimer - Head of Audit Risk Assurance | | |
| | Email: Theresa.Mortimer@gloucester.gov.uk Tel: 396430 | | |
| Appendices: | A: Internal Audit Activity Progress Report 2020/21 | | |

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To inform Members of the Internal Audit activity progress in relation to the approved Internal Audit Plan 2020/21.

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** to:

- (1) Accept the progress against the Internal Audit Plan 2020/21; and
- (2) Accept the assurance opinions provided in relation to the effectiveness of the Council's control environment comprising risk management, control and governance arrangements as a result of the Internal Audit activity completed to date.

3.0 Background and Key Issues

- 3.1 Members approved the Internal Audit Plan 2020/21 at 9th March 2020 Audit and Governance Committee meeting. In accordance with the Public Sector Internal Audit Standards 2017 (PSIAS), this report (through **Appendix A**) details the outcomes of Internal Audit work carried out in accordance with the approved Plan.

- 3.2 The Internal Audit Activity Progress Report 2020/21 at **Appendix A** summarises:

- The progress against the 2020/21 Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- The outcomes of the Internal Audit activity during the period July and August 2020; and
- Special investigations/counter fraud activity.

- 3.3 The report is the first progress report in relation to the Internal Audit Plan 2020/21.
- 3.4 Covid 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment.

Due to this changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 will be reviewed and refreshed in consultation with Senior Management Team. This will include consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals/cancellations (due to risk).

The revised Internal Audit Plan 2020/21 will be presented to Audit and Governance Committee for review and approval on 14th September 2020. This will include reflection of the new activities completed by ARA since the outcome of the pandemic.

For example and as reflected within the Internal Audit Progress Report, to date within 2020/21 ARA has provided:

- Non-audit related administration support to: Revenues and Benefit services in the processing of Business Grants and Housing services in the collation of the Housing Benefit payments (claimed for 'Rough Sleepers' place in safe accommodation) that will be reclaimed by the County Council; and
- Counter fraud team support and action in regard to identified Business Support grant irregularities.

4.0 Social Value Considerations

- 4.1 There are no Social Value implications as a result of the recommendations made in this report.

5.0 Environmental Implications

- 5.1 There are no Environmental implications as a result of the recommendations made in this report.

6.0 Alternative Options Considered

- 6.1 No other options have been considered as the purpose of this report is to inform the Committee of the Internal Audit work undertaken to date, and the assurances given on the adequacy and effectiveness of the Council's control environment operating in the areas audited. Non completion of Internal Audit Activity Progress Reports would lead to non compliance with the PSIAS and the Council Constitution.

7.0 Reasons for Recommendations

- 7.1 The role of the Audit Risk Assurance shared service is to examine, evaluate and provide an independent, objective opinion on the adequacy and effectiveness of the Council's internal control environment, comprising risk management, control and governance. Where weaknesses have been identified, recommendations have been made to improve the control environment.

- 7.2 The PSIAS require that the Chief Internal Auditor should report on the outcomes of Internal Audit work, in sufficient detail, to allow the Committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address.
- 7.3 Consideration of reports from the Chief Internal Auditor on Internal Audit's performance during the year, including updates on the work of Internal Audit, is also a requirement of the Audit and Governance Committee's terms of reference (part of the Council Constitution).

8.0 Future Work and Conclusions

- 8.1 In accordance with the PSIAS and as reflected within the Audit and Governance Committee work programme, Internal Audit Activity Progress Reports against the approved Internal Audit Plan 2020/21 are scheduled to be presented to the Audit and Governance Committee at the 16th November 2020, 18th January 2021, 8th March 2021 and 19th July 2021 meetings.

9.0 Financial Implications

- 9.1 No financial implications as a result of this report.

(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

- 10.1 Monitoring the implementation of Internal Audit recommendations assists the council to minimise risk areas and thereby reduce the prospects of legal challenge.

(One Legal have been consulted in the preparation this report.)

11.0 Risk & Opportunity Management Implications

- 11.1 Failure to deliver an effective Internal Audit Service will prevent an independent, objective assurance opinion from being provided to those charged with governance that the key risks associated with the achievement of the Council's objectives are being adequately controlled.

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *'undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'*. The Internal Audit Service is delivered by Audit Risk Assurance which is an internal audit and risk management shared service between Gloucester City Council, Stroud District Council and Gloucestershire County Council. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.
- 12.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

- 13.1 There are no Community Safety implications as a result of the recommendation made in this report.

14.0 Staffing & Trade Union Implications

- 14.1 There are no Staffing & Trade Union implications as a result of the recommendation made in this report.

Background Documents: Internal Audit Plan 2020/21
PSIAS
CIPFA Local Government Application Note for the UK PSIAS

Internal Audit Activity Progress Report

2020-2021



(1) Introduction

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that a relevant authority “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The Internal Audit Service is provided by Audit Risk Assurance under a Shared Service agreement between Gloucester City Council, Stroud District Council and Gloucestershire County Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards 2017 (PSIAS) as representing “proper internal audit practices”. The standards define the way in which the Internal Audit Service should be established and undertake its functions.

(2) Responsibilities

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and advising the organisation that these arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council’s Code of Corporate Governance and its Annual Governance Statement.

(3) Purpose of this Report

One of the key requirements of the standards is that the Chief Internal Auditor should provide progress reports on internal audit activity to those charged with governance. This report summarises:

- The progress against the 2020/21 Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- The outcomes of the Internal Audit activity during the period July and August 2020; and
- Special investigations/counter fraud activity.

(4) Progress against the 2020/21 Internal Audit Plan, including the assurance opinions on risk and control

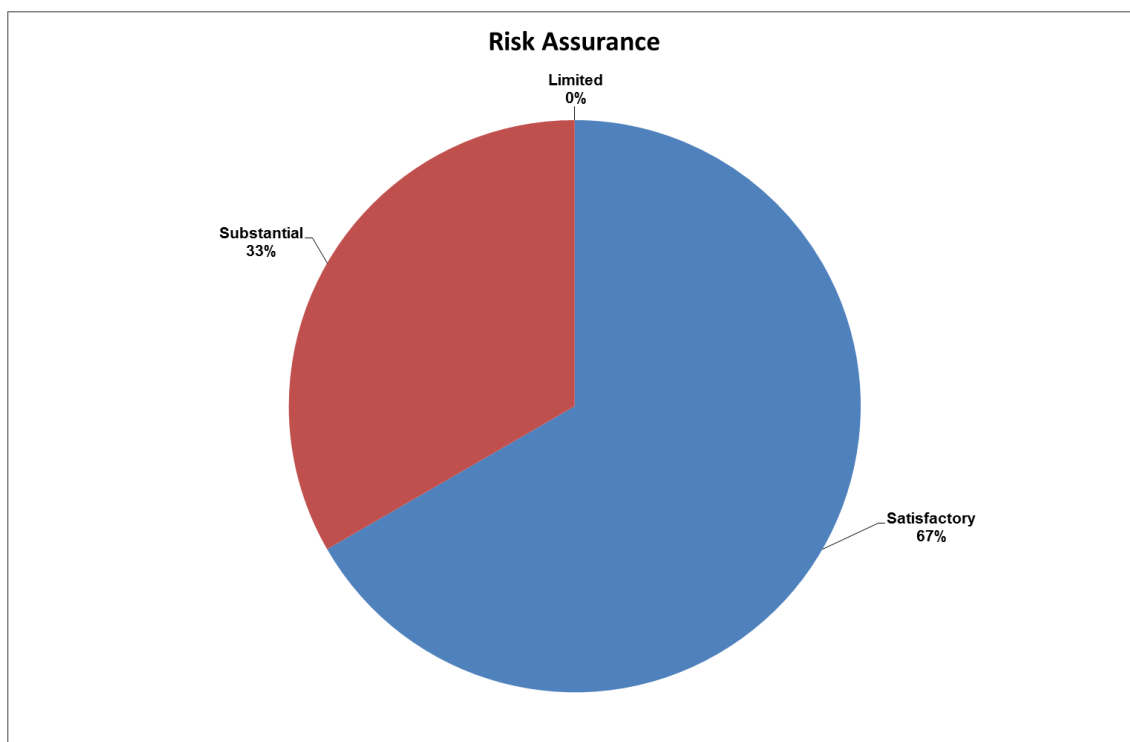
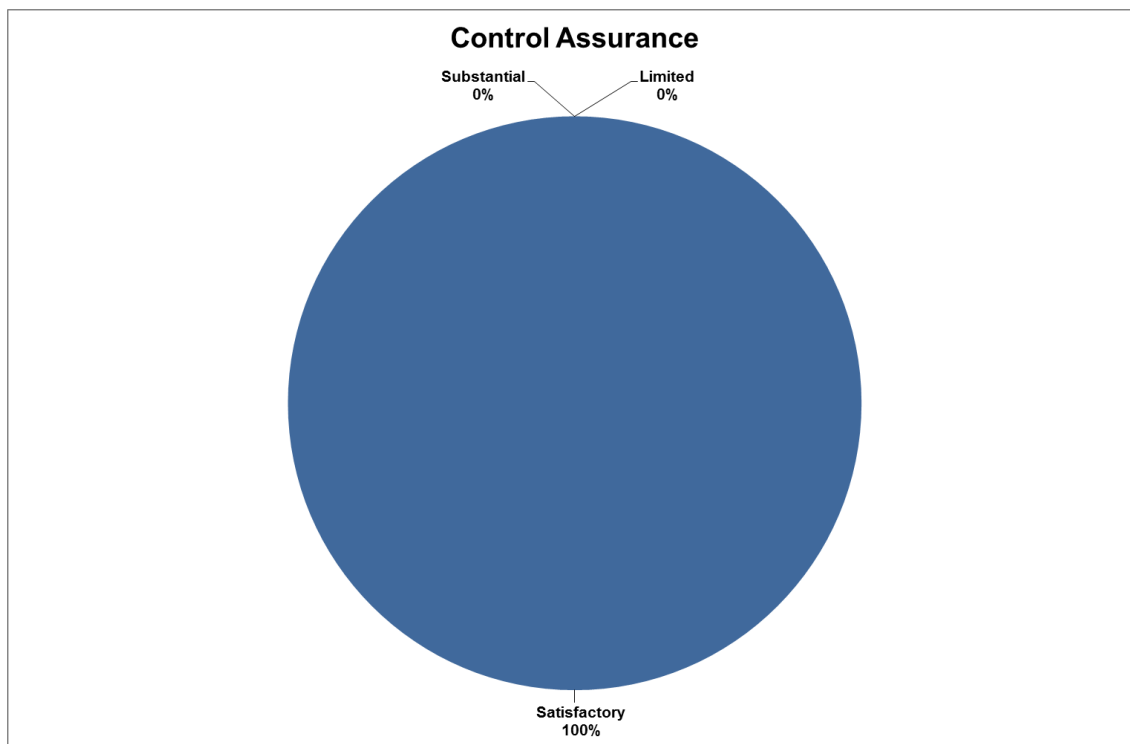
The schedule provided at **Attachment 1** provides the summary of 2020/21 audits which have not previously been reported to the Audit and Governance Committee.

The schedule provided at **Attachment 2** contains a list of all of the 2020/21 Internal Audit Plan activity undertaken during the financial year to date, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Governance Committee. Explanations of the meaning of these opinions are shown in the below table.

| Assurance Levels | Risk Identification Maturity | Control Environment |
|---------------------|--|---|
| Substantial | Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Council's Risk Management Strategy. | <ul style="list-style-type: none"> • System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved • Control Application – Controls are applied continuously or with minor lapses |
| Satisfactory | Risk Aware Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Council's Risk Management Strategy. | <ul style="list-style-type: none"> • System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger • Control Application – Controls are applied but with some lapses |
| Limited | Risk Naïve Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Council's Risk Management Strategy, the service area has not demonstrated an satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners and staff. | <ul style="list-style-type: none"> • System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls • Control Application – Significant breakdown in the application of control |

(4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The pie charts provided below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited in relation to the 2020/21 audit activity undertaken up to August 2020.



(4b) Limited Control Assurance Opinions

Where audit activities record that a limited assurance opinion on control has been provided, the Audit and Governance Committee may request Senior Management attendance at the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control

During the period July and August 2020, no limited assurance opinions on control have been provided on completed audits from the 2020/21 Internal Audit Plan.

(4d) Satisfactory Control Assurance Opinions

Where audit activities record that a satisfactory assurance opinion on control has been provided, where recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

(4e) Internal Audit Recommendations

During the period July and August 2020 Internal Audit made, in total, **8** recommendations to improve the control environment, **1** of these being a high priority recommendation and **7** being medium priority recommendations (**100%** accepted by management).

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

(4f) Risk Assurance Opinions

During the period July and August 2020, no limited assurance opinions on risk have been provided on completed audits from the 2020/21 Internal Audit Plan.

Where a limited assurance opinion is given, the Shared Service Senior Risk Management Advisor will be provided with the Internal Audit report(s) to enable the prioritisation of risk management support.

(4g) Internal Audit Plan 2020/21 Refresh – Covid 19

Covid 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment.

Due to this changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 will be reviewed and refreshed in consultation with Senior Management Team. This will include consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals/cancellations (due to risk).

The revised Internal Audit Plan 2020/21 will be presented to Audit and Governance Committee for review and approval on 14th September 2020.

This will include reflection of the new activities completed by ARA since the outcome of the pandemic. For example and as reflected within the Internal Audit Progress Report, to date within 2020/21 ARA has provided:

- Non-audit related administration support to:
 - Revenues and Benefit services in the processing of Business Grants; and
 - Housing services in the collation of the Housing Benefit payments (claimed for 'Rough Sleepers' place in safe accommodation) that will be reclaimed by the County Council.
- Counter fraud team support and action in regard to identified Business Support grant irregularities.

Completed Internal Audit Activity during the period July and August 2020

Summary of Satisfactory Assurance Opinions on Control

Service Area: Council Wide

Audit Activity: Safeguarding

Background

Safeguarding means protecting people's health, wellbeing and human rights and enabling them to live free from harm, abuse or neglect. The Council has a statutory responsibility and a duty of care under the Children Act 2004 and the Care Act 2014, to refer issues relating to Safeguarding to Gloucestershire County Council Social Care Service and other partner agencies.

Scope

This audit reviewed the effectiveness of the arrangements established by the Council to fulfil its responsibility for Safeguarding.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

Safeguarding Policy

Internal Audit read and evaluated the Policy, and this is judged to be comprehensive in its coverage. Salient key points being:

- Section seven and eight of the Policy provide staff with clear guidance for the procedure to follow in the event they have a Safeguarding concern;
- Referrals to the County Council Social Care teams are recorded using a Multi-Agency Service Request Form;
- Training will be provided on induction and on an on-going basis appropriate to an individual's role; and
- The Policy is accessible on the Council's Intranet (GlosNet) for staff to use.

Enquiries confirmed that a change in the Operational Lead for Safeguarding is due to be made. This will require updating in the Policy.

Safeguarding risk is recognised, appropriately documented and monitored

The 2020/21 Community Wellbeing Service Plan includes the key aim to “embed the ethos of Safeguarding within the Council”. The service plan also correctly recognises that other public sector organisations can help the Council to fulfil its responsibilities and achieve early identification of Safeguarding risk of children and vulnerable adults which can be referred to the County Council Social Care teams.

Disclosure Barring Service (DBS) Policy

Inspection of the DBS Policy, confirms:

- The staff role (un-supervised, advice and guidance which is completed regularly) where a DBS check is required; and
- The definition of regulated activity involving children is shown; however this is incomplete for vulnerable adults.

A walkthrough test was completed for a new member of staff, with the objective of confirming the actual procedure used to assess compliance with the Policy. Results confirmed that the staff role did not require a DBS check, and therefore is in compliance with the Policy.

Safeguard training for staff

Enquiries verified that e-learning Safeguarding modules are available for new and existing staff to complete. However, evidence reviewed highlighted that no overarching monitoring record was available to confirm staff completion of Safeguarding training.

Staff awareness of Modern Slavery and the signs to look out for were included in appropriate training delivered to Environmental Health and Community Wellbeing in 2019 and prior to Covid 19 was scheduled for the Housing Team in May 2020.

Internal Audit completed enquiries with Environmental Health and Housing staff most likely to have contact with members of the public, where cases of Safeguarding may arise. The results for a sample of five staff showed that:

- Staff were aware of the Safeguarding Policy; and
- They were clear in understanding the right procedure to apply within the Policy, if they have a Safeguarding concern.

Corporate Oversight

A Safeguarding Officer Group (SOG) has been formed with staff representatives from nine service areas. The SOG's terms of reference correctly draws attention to the Council's Safeguarding responsibilities under the Children Act and Care Act.

The SOG currently meets every six months, although the terms of reference frequency suggests meeting quarterly.

Internal Audit can confirm minutes for the last meeting held on 22nd October 2019 were of a good standard and listed various actions for the responsibility of the Community Wellbeing Manager to complete. Evidence was unavailable to confirm the allocated actions had been completed at the point of audit. It is noted that further SOG meetings have occurred since the point of audit.

Reporting and Monitoring Safeguarding concerns

The Safeguarding Policy details the process to refer concern referrals to the County Council's Safeguarding teams. A test to assess compliance with the Safeguarding Policy was completed. Audit review of supporting documentation for a recent Safeguarding concern, confirms that the correct procedures and controls were used to refer the case to the County Council's Social Care teams.

Referrals should be discussed with the Operational Lead for Safeguarding and recorded on a spreadsheet maintained by the Community Wellbeing service. A review of the records highlighted that the spreadsheet was incomplete with the last referral recorded as 12th June 2018.

Raising the profile of Safeguarding

Guidance is readily available on the Council's Intranet to enable staff to follow the correct process for the risk of Safeguarding. Key documents available are: The Council's Safeguarding Policy; The Domestic Abuse Policy; The Disclosure Barring Service Policy; and IT Links for the generic procedure to facilitate referral of Safeguarding concerns.

In addition, good practice was noted through including staff representation from a key partner Civica (responsible for the back-office functions for Revenues and Benefits) on the Council's Safeguarding Officers Group.

However, a visual inspection of the Council's offices found that there was minimal visual evidence to raise the profile of Safeguarding or its active promotion.

Conclusion

This audit review found good evidence that there is a managerial and staff willingness to embrace Safeguarding and appropriate training in its approach to providing services to the public.

Management Actions

Five recommendations have been raised with the objective of improving the existing control environment for Safeguarding – including Safeguarding Policy and DBS Policy update and roll out (including profile raising); review and update of the Council's Safeguarding training needs and maintenance of training records; and maintenance of an up to date record of Safeguarding referrals to support Council reporting and monitoring (second line of defence).

Management have responded positively to the Internal Audit findings and have completed an action plan to address the areas requiring improvement.

Service Area: Communities

Audit Activity: Voluntary and Community Sector (VCS) Grants – Covid 19

Background

As part of its response to the Covid 19 pandemic, Gloucestershire County Council through its Community Resilience Fund awarded the City Council (the Council) £50k. The purpose of the fund was to aid local VCS groups who were supporting vulnerable people during the Covid-19 pandemic. The City Council increased the funds available by a further £30k. The funding was distributed by way of grants to cover additional costs the agencies and groups may incur due to increased activity or functions that they had insufficient resources to meet.

Scope

The audit objective was to review:

- The systems and process developed and operated by the Council to ensure the award of the funds (the Grants) complied with the broad criteria specified by the County Council, including instances where 'local discretion' was applied;
- The balance between the application of control principles when assessing grant applications, awarding grants, protecting public funds, securing the most effective outcomes, and the urgency to ensure benefit to the organisations supporting those in need; and
- The processes operating to ensure the use of the grants by agencies and groups met the award criteria and supported outcome commitments.

Risk Assurance – Substantial

Control Assurance – Satisfactory

Key Findings

The Council had a key role in supporting communities in their localised response to the Covid 19 pandemic. Providing funds swiftly to help get support to those in need was particularly important in the early stages of the virus and therefore the Council moved quickly to award the funding it had obtained from the Community Resilience Fund. Grant applications were sought, and funding awards made before the formal guidance (the criteria) was obtained for the County Council. However, it was clear from the processes adopted that the funding principles stipulated by the County Council were followed and although the recommended formal application form was not used the key information the form intended to gather was sought and was then used in the assessment and award process.

A record of grant applications has been maintained, this summarises the intended use and reasoning for award or rejection. Internal Audit has reviewed both the intended use of funds and the reasoning for acceptance or rejection.

Each of the grant awards met an element of the criteria set and fall within the overarching aim of the fund. The rejected applications have been recorded with reasoning.

The grant application assessment process has involved service officers and the relevant Cabinet Member, and evidence shows overview by the Senior Management Team and Group Leaders. Internal Audit sought to review the assessment criteria that considered one grant application against another. Internal Audit have been advised that, as time was of the essence, there was no predetermined evaluation process. The assessment and award process were based on the Council's awareness of the community organisations and their support mechanisms, existing funding sources, along with information gained from local communities, Ward Councillors, and updates through the Street Champions network. This information was used to consider how grant awards would aid specific gaps within community organisations or community need.

Community organisations were made aware of the availability of the grant funding through the voluntary sector networks. Applications were received by email and where required additional supporting information was obtained. Internal Audit has reviewed additional information requests which demonstrate a challenge process operated where required. Although the documented evidence in support of the evaluation process is limited the breadth of views and factors considered offers assurance that maximising effectiveness of funds was paramount.

Grant allocations as at 31st August 2020 were £77k out of the £80k budget. Organisations awarded grants have been asked to provide evidence this was used as intended and resulted in the desired outcomes. At the time of the internal audit review, officers were beginning to obtain the evidence that showed the funding had supported the delivery of both direct and indirect benefits to local communities. Initial feedback was positive.

For the funds awarded by the County Council (the commissioner) Internal Audit obtained confirmation from the commissioning officer that, at the date of the audit, there had been no issues with the allocation of the Community Resilience Fund by the City Council.

Conclusion

The primary risk has been the need to support community organisations in their response to the Covid 19 pandemic and the grant award processes applied was designed to meet that challenge. Although formalised and structured processes are not fully present; control principles, transparency and the effective use of consultation/local knowledge are evident, supporting the requirement to secure the effective use of public funds, this is being further confirmed by the use and outcomes feedback from funded organisations.

The audit opinion reflects the Council risk awareness and its control arrangements in response. Although no recommendations have been made the Council will no doubt undertake a post coronavirus review. It is suggested the emergency grant funding process and control arrangements be included within that review.

Management Actions

None required.

Service Area: Policy and Resources

Audit Activity: Freedom of Information (FOI) Requests

Background

The Freedom of Information Act 2000 (FOIA) provides members of the public access to information that is held by local authorities.

It does this in two ways:

- The Council is obliged to publish certain information about its activities; and
- Members of the public are entitled to request information from the Council.

Scope

This audit reviewed the effectiveness of the control environment for handling FOI requests to ensure that the Council is able to fulfil its legal obligations.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

General

- When a request is received by the Council, emails are sent to the requestor confirming the receipt of the request and noting the 20 working day deadline for the response which is in line with the requirements of the FOIA.
- The request for information is sent to the service area for completion. Service areas are responsible for applying exemptions where appropriate. Once the information is completed, this is sent back to the Business Support Officer (the Council's central point for FOI co-ordination).
- Procedure notes are in place detailing the process for the recording of FOI requests within the management system, including listing the department, category and the date when the request was received.

Internal Reviews

- It is best practice for each public authority to have a procedure in place for dealing with disputes on its handling of requests for information. Authorities should distinguish between a request for an internal review, which seeks to challenge either the outcome or the process of the handling of the initial response, and a general complaint, which should be handled as general correspondence.

- Inspection of the internal review procedure confirmed that it is completed by an independent officer who is not involved with primary service provision, namely the Head of Policy and Resources. It was noted that the review letter template includes details of the information requestor's rights to apply to the Information Commissioner's Office for an appeal where they believe it is applicable.

Publication Scheme

- Section 19 of the FOIA requires all public authorities to adopt and maintain a publication scheme.
- Internal Audit confirmed that the Council has followed the ICOs approved model publication scheme. However, a review of the documents contained within the publication scheme found that not all documents were up-to-date.
- The FOI Code of Practice also states, public authorities with over 100 Full Time Equivalent (FTE) employees should, as a matter of best practice, publish details of their performance on handling requests for information under the Act. Internal Audit identified that this information is not published by the Council.

Internal Audit review of FOI requests

- A sample of 15 FOI requests was selected to assess if, (a) the response was made within 20 working days as required by the FOIA, (b) supporting documentation for the request and response had been retained so that any further challenges can be responded to and (c) authorisation for release of information requested was completed by a senior member of staff.
- Audit testing confirmed that:
 - 10 out of 15 FOIs had been responded to within the 20 day deadline, three had been responded to outside of the 20 day deadline and two requests had not been answered. Of these two, one response was with legal services for advice; however, the other was received by the Council in July 2019 and had not been responded to as at March 2020. In this example, the individual due to respond had been out of work for a period and therefore unable to respond. The delay in completing the FOI was not escalated and therefore the request for information was not picked up by anyone else.
 - Reminders are sent to service areas throughout the 20 day deadline for FOI responses (days 9,15,18,19 and 20). However, there is not a formal escalation process in place to ensure the FOI responses are completed within the deadline, with reminders often sent to the same officer.
 - Performance monitoring for the completion of FOI requests (for both the Council as a whole and individual service areas) is in place and completed quarterly.

This has proved effective to ensure the Council continuously meets the target of 80% compliance with the statutory deadline, however an escalation process would help identify FOI requests that have not been responded to before the deadline, further improving compliance.

- Supporting documents / information for all 15 information requests had been retained and was available within the request management system.
- A process is not in place to review FOI requests to verify that the request is valid as per Section 8 of the FOIA. In one instance a request was responded to that would not be considered a valid as the requestor's name was not provided.
- There is not a formal approval process in place to confirm the information can be provided prior to issuing the response. Therefore, it could not be confirmed if appropriate authorisation had been given to release the information.

Conclusion

Internal Audit findings show the Freedom of Information process has a number of effective controls to support compliance with the Act. However, there is opportunity to enhance these controls and audit recommendations have been made to ensure the process identifies and rectifies any non-compliance. In particular, that the Council:

- Establish escalation and monitoring processes to ensure appropriate oversight to identify when individual FOI requests have not met the statutory deadline;
- Introduce a formal approval process within the new request management system (timing for implementation under review at the point of audit) to ensure that information released to the public is appropriate and accurate; and
- Introduce a procedure to publish the Council's performance on handling requests for information and update the information contained within the publication scheme.

Management Actions

Management have responded positively to the Internal Audit findings and have agreed to review existing processes.

Summary of Consulting Activity and/or Support where no opinions are Provided

Service Area: Policy and Resources

Audit Activity: Turnover Certificate for Blackfriars Priory 2019/20

Background

In 2012 the Council entered into a lease with English Heritage for the use of the Blackfriars Priory site. The Council's objectives for the venue were to open it as a visitor attraction, provide educational visits, develop an events programme, run and facilitate workshops and develop a meetings and conference trade. There is now also a developed service as a wedding venue. The lease rental is calculated as a percentage of Gross Turnover, as defined in the lease agreement. Each year, the Council is required to provide English Heritage with a "Turnover Certificate", signed by a professionally competent auditor, certifying the amount of Gross Turnover for the relevant year.

Scope

To provide assurance that:

- In all significant respects, the Gross Turnover values for 2019/20 provided to English Heritage by Finance are accurate and in accordance with the requirements of the lease agreement; and
- A certificate confirming the Gross Turnover for the Turnover Period may be signed.

Risk Assurance – N/A (Certification)

Control Assurance – N/A (Certification)

Key Findings

- The Provisional Gross Turnover figure, prepared by Accountancy, for the financial year 2019/20 is £71,631.99.
- The Gross Turnover figure to be provided to English Heritage is based on the net balances for income account codes in use for Blackfriars.
- The Council completes journals at year end to transfer deposits or other items to the financial year to which they relate, in accordance with standard accounting practice. However, the lease agreement (clause 6.2) requires that deposits are included in Gross Turnover at the time of receipt. Therefore, an adjustment of £7,496.55 was made. The revised gross turnover figure is now calculated as £64,135.44.

Conclusion

The requirements of the lease agreement have been met with appropriate adjustments made for the accruals accounting in relation to deposits received. Internal Audit has therefore gained assurance that the requirements of the lease have been met with regard to the revised Gross Turnover Value of £64,135.44.

Management Actions

Not applicable.

Summary of Special Investigations/Counter Fraud Activities**Current Status**

As at 14th August 2020 there have been no new fraud/irregularity referrals received by Audit Risk Assurance (ARA) for investigation.

The Gloucester City Council Intelligent Client Officer (Revenues and Benefits) has provided the following update in regard to current internal counter fraud activity:

*'The Council have undertaken a great deal of post assurance checks with the **Business Support grants**. These are grants made available by the government to support businesses during the Coronavirus (Covid 19) pandemic.*

Companies House, Charity Commission, Open source data and spotlight checks have all been undertaken for those applicants which we are able to undertake this for.

Other post payment checks are ongoing on sole traders.

Some 'grants of concern' came to light during the checks and the ARA Counter Fraud Team (CFT) provided support by undertaking additional checks on nine of these grant payments. Five of the applications had issues but the businesses were able to provide evidence to support their eligibility to claim the grant payment and therefore no further action was required. In the sixth case, an individual eligible to claim the business support grant, had submitted two applications in respect of the same business (2x £10,000), both of which were paid out by the Council but the error was identified during the post payment checking process. The CFT successfully recovered the £10,000 over claim. In the seventh case the business has repaid all of the grants originally claimed (franchises). The final two cases remain ongoing.

We are in the process of preparing a spreadsheet to regularly update with the monthly risk.

LA Discretionary Grants – as these grants were within a fixed ‘application window’ we were able to run pre payment checks on all of these applicants.

Applicants were checked via spotlight and each eligible applicant was telephoned and asked a series of security questions prior to payments being made to mitigate the risk.

In addition we have shared fraud awareness alerts promptly and been risk aware to the national attempts to commit grant fraud, to ensure that we are not vulnerable to the threats.

We will be partaking in the Mortality Screening NFI program which is due to commence shortly.

And from the week commencing 7th August 2020 we will be undertaking a review of all properties listed in the City as ‘empty’. This will be conducted in the format of a paper exercise initially but should there be any areas of concern we will evolve the project to capture this.’

Any fraud alerts received by Internal Audit from National Anti-Fraud Network (NAFN) are passed onto the relevant service areas within the Council, to alert staff to the potential fraud.

National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The 2020/21 data collections are due to be uploaded to the Cabinet Office during October 2020 with the data matching reports released between December 2020 and January 2021. The timetable can be found using the following link [GOV.UK](https://gov.uk).

Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are always investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area within the Council.

The outcomes from the 2018/19 NFI exercise (the prior biennial data matching exercise) have been reported to the Committee previously.

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Progress Report including Assurance Opinions

| Department | Activity Name | Priority | Activity Status | Risk Opinion | Control Opinion | Reported to Audit and Governance Committee | Comments |
|-------------------------------|---|----------|---------------------|----------------|-----------------|--|---|
| Council Wide | Health and Safety Limited Assurance Second Follow Up | 1 | Planned | | | | |
| Council Wide | Purchasing: Low and Intermediate Value Transactions Limited Assurance Follow Up | 1 | Audit in Progress | | | | Brought forward from 19/20 plan |
| Council Wide | IT Disaster Recovery and Business Continuity Follow Up | 1 | Planned | | | | |
| Council Wide | Key ICT Project Governance | 1 | Draft Report Issued | | | | Brought forward from 19/20 plan |
| Council Wide | Patch management | 1 | Planned | | | | |
| Council Wide | Cyber Security | 1 | Planned | | | | |
| Council Wide | Complaints Procedures | 2 | Planned | | | | Brought forward from 19/20 plan |
| Council Wide | Travel and Other Expenses Limited Assurance Follow Up | 1 | Audit in Progress | | | | |
| Council Wide | Safeguarding | 2 | Final Report Issued | Satisfactory | Satisfactory | 14/09/2020 | Brought forward from 19/20 plan |
| Council Wide | Agency Staff | 2 | Planned | | | | |
| Council Wide | Code of Conduct for employees | 2 | Planned | | | | |
| Council Wide | Compliance with Flexi Time - Annual Leave policies | 2 | Planned | | | | |
| Council Wide | Effective use of Probationary period | 2 | Planned | | | | |
| Council Wide | Scheme of Sub Delegation | 1 | Planned | | | | |
| Council Wide | Confidential Reporting Procedure | 1 | Planned | | | | |
| Council Wide | Business Rate Grants | 2 | Consultancy | | | | To be reported in 20/21 annual report |
| Communities | Section 202 reviews | 2 | Planned | | | | |
| Communities | Tenancy Rescue | 2 | Planned | | | | |
| Communities | Gloucester Community Building Collective | 1 | Planned | | | | |
| Communities | Voluntary and Community Sector (VCS) Grants – Covid 19 | 1 | Final Report Issued | Substantial | Satisfactory | 14/09/2020 | New Activity |
| Cultural and Trading Services | Shopmobility Fees and Charges Limited Assurance Follow Up | 2 | Planned | | | | |
| Cultural and Trading Services | Guildhall, Blackfriars and Museum – income received from events Limited Assurance Follow Up | 1 | Planned | | | | |
| Cultural and Trading Services | City Events Programme | 1 | Planned | | | | |
| Cultural and Trading Services | Museum of Gloucester – income from generic sales and exhibition admission fees | 2 | Planned | | | | |
| Cultural and Trading Services | Staff Appraisal System | 2 | Audit in Progress | | | | |
| Place | Community Infrastructure Levy (CIL) | 2 | Planned | | | | |
| Place | Gloucester Car Boot and Flea Market | 2 | Cancelled | | | | City no longer responsible for Car Boot |
| Place | Licensing - Premises | 2 | Audit in Progress | | | | |
| Place | Street-care Contract – follow up | 2 | Planned | | | | |
| Policy and Resources | Freedom of Information (Fol) requests | 2 | Final Report Issued | Satisfactory | Satisfactory | 14/09/2020 | Brought forward from 19/20 plan |
| Policy and Resources | Housing Benefits | 2 | Draft Report Issued | | | | Brought forward from 19/20 plan |
| Policy and Resources | Property Investment Strategy | 2 | Audit in Progress | | | | Brought forward from 19/20 plan |
| Policy and Resources | Accounts Payable | 2 | Audit in Progress | | | | |
| Policy and Resources | Bank Reconciliation | 2 | Planned | | | | |
| Policy and Resources | Turnover Certificate for Blackfriars Priory 2019/20 | 1 | Final Report Issued | Not Applicable | Not Applicable | 14/09/2020 | |
| Policy and Resources | Cemeteries and Crematorium – compliance with GDPR | 2 | Planned | | | | |
| Policy and Resources | Council Tax - refunds | 1 | Planned | | | | |
| Policy and Resources | Debt Management (Sundry Debtors and Business Rates) | 1 | Planned | | | | |
| Policy and Resources | Elections | 1 | Deferred | | | | No elections in 2020/21 |
| Policy and Resources | The Arbor – income collection | 2 | Planned | | | | |
| Policy and Resources | Building Control Shared Partnership | 2 | Planned | | | | |
| Policy and Resources | Covid 19 – Housing Benefit Payments | 1 | Consultancy | | | | To be reported in 20/21 annual report |

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| | | |
|-------------------------|--|--|
| Meeting: | Audit and Governance Committee | Date: 14 th September 2020 |
| Subject: | Internal Audit Plan 2020/2021 (revision) | |
| Report Of: | Head of Audit Risk Assurance (Chief Internal Auditor) | |
| Wards Affected: | Not applicable | |
| Key Decision: | No | Budget/Policy Framework: No |
| Contact Officer: | Theresa Mortimer - Head of Audit Risk Assurance | |
| | Email: Theresa.Mortimer@gloucester.gov.uk | Tel: 396430 |
| Appendices: | A: Internal Audit Plan 2020/21 (revised September 2020) | |

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To provide the Committee with a summary of the proposed revision to the Risk Based Internal Audit Plan 2020/2021 (due to the COVID 19 pandemic).

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** to:
- (1) Consider the proposed changes to the Internal Audit Plan 2020/21; and
 - (2) Approve the revision (subject to any further change requested by Members) as detailed in Appendix A.

3.0 Background and Key Issues

- 3.1 Members approved the Risk Based Internal Audit Plan 2020/21 at 9th March 2020 Audit and Governance Committee meeting as required by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS) 2017.
- 3.2 Covid 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment.
- 3.3 Due to the changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 has been reviewed and refreshed in consultation with Senior Management Team. This exercise included consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals/cancellations (due to risk position). The outcome is the draft revised Internal Audit Plan 2020/21 at Appendix A.

4.0 Social Value Considerations

- 4.1 There are no Social Value implications as a result of the recommendations made in this report.

5.0 Environmental Implications

- 5.1 There are no Environmental implications as a result of the recommendations made in this report.

6.0 Alternative Options Considered

- 6.1 No other options have been considered as a risk based internal audit plan is required by the PSIAS. The purpose of this report is to ensure that the Risk Based Internal Audit Plan remains flexible and dynamic, to ensure that the assurance needs of the Council are met.

7.0 Reasons for Recommendations

- 7.1 A requirement of the PSIAS is for the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan and for this Plan to be approved by the appropriate body. In the case of the City Council, this is the Audit and Governance Committee who are also required to approve any significant change to the agreed activity.

8.0 Future Work and Conclusions

- 8.1 Regular reports on progress against the revised Plan and any significant control issues identified will be presented to the Audit and Governance Committee.

9.0 Financial Implications

- 9.1 There are no direct financial implications as a result of this report.

(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

- 10.1 The Risk Based Internal Audit Plan assists the council to discharge its statutory responsibilities under Regulation 5 of the Accounts and Audit Regulations 2015 and significant aspects of the Section 151 Officer's duties.

(One Legal have been consulted in the preparation this report.)

11.0 Risk & Opportunity Management Implications

- 11.1 Failure to deliver an effective Internal Audit Service will prevent an independent, objective assurance opinion from being provided to those charged with governance that the key risks associated with the achievement of the Council's objectives are being adequately controlled.

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 The Internal Audit Service is delivered by Audit Risk Assurance which is an internal audit and risk management shared service between Gloucester City Council, Stroud District Council and Gloucestershire County Council. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.
- 12.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

- 13.1 There are no Community Safety implications as a result of the recommendation made in this report.

14.0 Staffing & Trade Union Implications

- 14.1 There are no Staffing & Trade Union implications as a result of the recommendation made in this report.

Background Documents: Internal Audit Plan 2020/21 (original)
PSIAS
CIPFA Local Government Application Note for the UK PSIAS

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INTERNAL AUDIT PLAN

2020-2021 (REVISED DUE TO COVID 19)



Gloucester
City Council



Background

All local authorities must make proper provision for internal audit in line with the Accounts and Audit Regulations 2015. The latter states that authorities must “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The guidance accompanying the Regulations recognises both the Public Sector Internal Audit Standards (PSIAS) 2017 and the CIPFA Local Government Application Note for the UK PSIAS as representing “public sector internal audit standards”. The standards define the way in which the Internal Audit Service should be established and undertakes its functions.

The External Quality Assessment (completed in May 2020, by the Chartered Institute of Internal Auditors) re-affirmed the previous assessment that the Audit Risk Assurance (ARA) Shared Service Internal Audit function fully conforms to the International Standards for the Professional Practice of Internal Auditing.

Development of the 2020/2021 Internal Audit Plan

The Chief Internal Auditor is required to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The proposed activity should be consistent with the organisation’s priorities and objectives and taking into account the organisation’s risk management framework, including risk appetite levels set by management and internal audit’s own judgement of risks. The plan approved by the Audit and Governance Committee in March 2020 is attached at Attachment 1, which shows:

- Audit activity per service area;
- Name of the audit activity;
- Reason for the audit i.e. as a result of Risk Based Internal Audit Planning (RBIAP) and link to the Council’s Strategic Risk Register, statutory requirements;
- Outline scope of the review (please note that a detailed terms of reference is agreed with the client prior to the commencement of every audit to ensure audit activity is continually focused on the key risks and is undertaken within agreed time periods, to ensure our service adds value to the Council); and
- The priority of the audit i.e. priorities 1 and 2.

Priority one reflects statutory requirements i.e. grant certification, a limited assurance follow-up review, activities that may have been subject to a previous investigation / irregularity, or as deemed necessary by the Chief Internal Auditor to enable an opinion on the control environment to be provided.

Priority two activities are the remaining identified activities. The aim being that all priority one activities would be delivered within the year with the priority 2 audits being reassessed in the eventuality of any new emerging risk areas where assurances may be required, or where additional fraud investigations/irregularities materialise.

Revision of the 2020/21 Internal Audit Plan

The impact of COVID 19 continues to place significant pressures on council services and in turn the availability of service managers and their teams to facilitate Internal Audit activities within their areas of responsibility. This additional strain on officers is fully recognised by ARA and whilst it has been possible to complete some carry forward work from 2019/20 plan and commence new activity from 2020/21 plan remotely, it is evident that going forward a number of the planned assurance activities will not be feasible to commence in the foreseeable future.

In addition, with significant organisational disruption, new emergency responsibilities and also staff working from home the impact on governance will be felt by the Council. These may fall into the following broad categories:

- Impact on business as usual in the delivery of services;
- New areas of activity as part of the national response to coronavirus and any governance issues arising, e.g. implementation of new policies / processes and emergency assistance; and
- The funding and logistical consequences of delivering the local government response, e.g. changes to council meetings and decision-making arrangements, new collaborative arrangements and funding and cash flow challenges.

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, e.g. existing projects and programmes may have been put on hold, new priorities and objectives introduced and new risks identified or existing risks escalated. This means that there may be new or different 'assurance' needs.

Due to the pandemic, ARA has or is due to provide non-audit related administration support to:

- Revenues and Benefits services in the processing of Business Grants; and
- Housing Services in the collation of the Housing Benefit payments (claimed for 'Rough Sleepers' placed in safe accommodation') that will be reclaimed by the County Council.

Representatives from ARA (in consultation with Senior Management Team (SMT)) have completed a review of the previously agreed work plan to identify which of the existing activities (together with any newly identified activities) should be prioritised for delivery by ARA between 1st October 2020 and 31st March 2021. It has also been agreed that ARA will be responsive to providing additional assurance/non-assurance support to service areas (if requested) as the year progresses and this is now reflected within the revision. Consequently, Attachment 1 below has been updated to:

- Reflect the current position or the proposed way forward for each activity under the original plan (approved by the Audit and Governance Committee in March 2020) this being either:
 - Defer for consideration in 2021/22;
 - Cancelled;
 - In Progress; and
 - Planned to be completed 01/10/2020 to 31/03/2021.
- Record any new activity as agreed with SMT due to COVID 19 emerging risks.

Council Wide

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|------------------------------------|---|---|----------|--|
| Compliance with Corporate Policies | Identified as part of Risk Based Internal Audit Planning (RBIAP) Strategic Risk Register (SRR) 1.2 and 1.3 | Failure by employees to follow agreed council policies and procedures can expose the Council to unnecessary liability, losses or inappropriate expenditure and behaviour. If the non-compliance of corporate policies becomes the 'norm' and this position is allowed to remain unchecked it will, over a fairly short period, significantly undermine the Council's governance framework. This allocation will enable ARA to review compliance with: <ul style="list-style-type: none"> ➤ HR Policy: Effective Use of Probationary Period; ➤ HR Policy: Compliance with Flexi time / Annual Leave; and ➤ HR Policy: Employee Code of Conduct. | 1 | Defer for consideration in 2021/22 |

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|--|---|--|----------|---|
| Council's Confidential Reporting Procedures - (Whistleblowing) | Identified as part of Risk Based Internal Audit Planning (RBIAP) Strategic Risk Register (SRR) 1.2 and 1.3 | <p>Gloucester City Council has a zero-tolerance stance to all forms of fraud, bribery, corruption and theft, both from within the Council and from external sources. It recognises that fraud can:</p> <ul style="list-style-type: none"> ➤ Undermine the standards of public service that the Council is attempting to achieve; ➤ Reduce the level of resources and services available for the residents of Gloucester; and ➤ Result in major consequences which reduce public confidence in the Council. <p>This audit will review the Council's confidential reporting procedures.</p> | 1 | In Progress. Planned to be completed by 31/12/2020 |
| Health and Safety | Limited Assurance Follow Up SRR 1.2 and 1.3 | <p>Gloucester City Council is fully committed to achieving high standards of health and safety to protect the wellbeing of employees, residents and anyone else who may be affected by the council's activities. The 2018/19 audit highlighted a number of control weaknesses in the current arrangements and a need to further clarify roles and responsibilities.</p> <p>This audit will therefore provide assurance that the remaining actions agreed with management have now been implemented and are effective.</p> | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---|---|--|----------|---|
| Purchasing: Low and Intermediate Transactions | <p>Identified as part of RBIAP</p> <p>Strategic Risk Register (SRR) 6</p> <p>Limited Assurance Follow Up</p> <p>Carry fwd from 2019/20</p> | <p>The Council undertakes a variety of purchasing activities to deliver services and to meet its key aims and objectives. Failure to operate a transparent process for the procurement activity (coupled with any non-compliance with the requirements of the Public Contracts Regulations 2015) exposes the Council, Officers and Members to significant risks in the event that the contract award is subject to challenge or does not provide value for money. The 2018/19 audit highlighted a number of control weaknesses in the current arrangements and for enhanced corporate oversight. This audit will provide assurance that the action plan agreed with management has been implemented and operating as intended.</p> | 1 | In Progress. Planned to be completed by 31/12/2020 |
| Travel and Other Expenses | <p>Limited Assurance Follow Up</p> <p>SRR 1.2 and 1.3</p> | <p>Gloucester City Council has a corporate policy that specifies the expenses that can be claimed by employees including travel, accommodation and subsistence. Before employees are entitled to submit a claim form, they must for business reasons, have been prevented from their normal arrangements and as a result incurred additional expense. The 2019/20 audit concluded that only 'Limited Assurance' can be provided that the risks material to the achievement of the objectives for this area were being managed effectively.</p> <p>This audit will provide assurance that the action taken by management to address the issues identified has been effective.</p> | 1 | In Progress. Planned to be completed by 31/03/2021 |

Internal Audit Plan 2020/21

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|----------------------|---|---|----------|--|
| Agency Staff | Identified as part of RBIAP SRR 1.3 and 1.6 | <p>The Council will contract with employment agencies to fill short-term general staffing vacancies and/or where required the engagement of more specialist staff to provide technical support which is currently not available through the existing workforce. This audit will review the arrangements for the:</p> <ul style="list-style-type: none"> ➤ Initial approval process to engage with an agency; ➤ Completion and authorisation of timesheets completed by the individual; ➤ Scrutiny of invoices received from the agency; and ➤ Formalisation of contractual arrangement with the individual agency staff member (if required). | 2 | Defer for consideration in 2021/22 |
| Complaints procedure | Identified as part of RBIAP SRR 1.2 and 1.3 Carry fwd from 2019/20 | The effective handling and wherever possible the satisfactory resolution of a complaint (together with identifying and acting on lessons learned) is key to good governance. This audit will review the process for handling expressions of dissatisfaction and provide assurance that these are handled in line with corporate policy and guidelines and that the level of corporate oversight is appropriate. | 2 | Defer for consideration in 2021/22 |

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|--------------------------|---|---|----------|--|
| Safeguarding | Identified as part of RBIAP SRR 1.2 and 1.3 Carry fwd from 2019/20 | Safeguarding means protecting people's health, wellbeing and human rights and enabling them to live free from harm, abuse or neglect. The Council has a statutory responsibility and a duty of care to cooperate and report issues relating to safeguarding to the appropriate authorities and partner agencies. This audit will review the effectiveness of the arrangements established by the Council to fulfil its responsibility in this area. | 2 | Completed |
| Scheme of Sub Delegation | Identified as part of RBIAP SRR 1.2, 1.3 and 1.6 | The Council's Constitution: Part 7- Proper Officers and Scheme of Delegation sets out details of the sub-delegations to officers of the council by the Managing and Corporate Directors. This audit will review a sample of decisions taken by officers to ensure they are in line with their delegated authority and have been appropriately documented. | 2 | Planned to be completed 01/10/2020 to 31/03/2021. Note: The Chief Internal Auditor considers this should remain within the plan due to increased risks from Covid 19. |
| Staff Appraisal System | Identified as part of RBIAP SRR 1.3 | Performance management systems are employed "to manage and align" an organisation's resources in order to achieve highest possible performance. A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organisational objectives. This audit will review the adequacy of the guidance and frameworks in place, related methodologies to manage and monitor appraisals and review the effectiveness of the existing process. | 2 | In Progress. Planned to be completed by 31/03/2021 |

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Communities

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|--------------------------|--------------------------------|--|----------|--|
| COVID 19 – Grants to VCS | Requested by Managing Director | <p>UNPLANNED</p> <p>Gloucestershire County Council through its Community Resilience Fund awarded the City Council £50k to support local voluntary sector agencies and community groups who are supporting vulnerable people during the Covid-19 pandemic. The City Council increased the funds available by a further £30k. This audit will review:</p> <ul style="list-style-type: none"> ➤ The systems and process developed and operated by the Council to ensure the award of the funds (the Grants) complied with the broad criteria specified by the County Council, including instances where 'local discretion' was applied; ➤ The balance between the application of control principles when assessing grant applications, awarding grants, protecting public funds and securing the most effective outcomes; and the urgency to ensure benefit to the organisations supporting those in need; and ➤ The processes operating to ensure the use of the grants by agencies and groups met the award criteria and supported outcome commitments. | 1 | Completed |

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|--|---|--|----------|--|
| Gloucester Community Building Collective | Identified as part of RBIAP SRR No 1.4 SRR No 1.13 | Asset Based Community Development is about growing sustainable communities, building connections between people that live in the area and empowering people to take action on things that are important to them, which will often be different to what statutory/public sector agencies perceive to be important. In December 2018, Cabinet approved plans for the medium and longer-term delivery of community building in Gloucester which included the establishment of a formal partnership with Barnwood Trust the aim to work towards the establishment of an independent legal entity. This consultancy review will examine the governance arrangements put in place by the Council for the oversight of new Community Interest Company which has now been created. | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |
| Housing Benefits | Identified as part of RBIAP SRR 1.2 and 1.4 Carry forward from 2019/20 | Tax Support is in excess of £40m per annum. The rules surrounding the entitlement to Housing Benefit and Council Tax support are complex and have the potential to lead to a number of under/overpayments. The final scope agreed with the Council's Intelligent Client Officer was a review of the controls operating to minimise and if required to recover overpayments. | 2 | Completed |

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---------------------|---|--|----------|--|
| Section 202 reviews | Requested by Head of Communities SRR 1.1, 1.2 and 1.13 | The Homelessness Reduction Act 2017 places a legal duty on the Council to offer more support to a wider range of people who are homeless or threatened with homelessness and to intervene earlier. The new act expands the list of decisions that can be reviewed to include the new prevention and relief duties. This audit will review the arrangements within Housing Services when request to review a decision is received from an applicant. | 2 | Defer for consideration in 2021/22 |
| Tenancy Rescue | Requested by Housing Services Operational Lead SRR 1.1, 1.2 and 1.13 | <p>The Homelessness Prevention Grant is to be used to reduce the financial pressures on the annual revenue temporary accommodation budget. The Council's feasible options include support for:</p> <ul style="list-style-type: none"> ➤ Tenant rent arrears, subject to a landlord providing a fixed term tenancy for a minimum of 6 months; ➤ Property repairs which are the responsibility of tenants; ➤ Deposits to secure a tenancy; ➤ Top Up of weekly rent; and ➤ Furnishings. <p>There is a need to demonstrate that the grant funds allocated have been used for legitimate reasons and this audit will review the effectiveness of the arrangements established within Housing Services.</p> | 2 | Defer for consideration in 2021/22 |

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Cultural

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---|--|---|----------|--|
| City Events Programme | Requested by Corporate Director SRR 1.2, 1.3, 1.4 and 1.5 | This audit will review the effectiveness of the management arrangements established by the Council over the activities that will be commissioned (and managed in-house) following the cessation of trading of Marketing Gloucester Limited. | 1 | Defer for consideration in 2021/22. Note: Management update on progress will be provided (18 th January 2021) as part of Annual Governance Statement (AGS) - 2019/20 improvement Plan update process. |
| Guildhall, Blackfriars and Museum – Income received from events | Limited Assurance Follow Up SRR 1.1, 1.2 and 1.6 | The Council generates substantial income for hiring out areas / rooms to business and members of the public to hold meetings, live events, functions and weddings across the three sites. The 2019/20 audit concluded that only 'Limited Assurance' can be provided that the risks material to the achievement of the objectives for this area were being managed effectively. This audit will provide assurance that the action taken by management to address the issues identified has been effective. | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|--|---|--|----------|---|
| Shopmobility - Fees and Charges | Limited Assurance Follow Up SRR 1.1 and 1.2 | <p>This service provides battery powered scooters, wheelchairs, battery chairs, power chairs and rollators to help people who have limited mobility through permanent or temporary disablement, accident or age to use the facilities in the City Centre, the Gloucester Quays Designer Outlet Centre and the Docks.</p> <p>The 2019/20 audit concluded that only 'Limited Assurance' can be provided that the risks material to the achievement of the objectives for this area were being managed effectively.</p> <p>This audit will provide assurance that the action taken by management to address the issues identified has been effective.</p> | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |
| Museum of Gloucester – income from generic sales and exhibition admission fees | Identified as part of RBIAP SRR 1.1, 1.2 and 1.6 | <p>Income is generated by the Museum of Gloucester from sales of souvenirs' and fees from the public to access specific exhibitions.</p> <p>This audit will review the controls to ensure that all income due to the Council from this source is received and accounted for.</p> | 2 | Defer for consideration in 2021/22 |

Internal Audit Plan 2020/21

Place

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---------------------------------|--|---|----------|--|
| Amey Contract | Identified as part of RBIAP Follow Up Requested by Audit and Governance Committee SRR 1.4 | The services provided in the contract are for waste collection and recycling, street cleansing and grounds maintenance. As part of the 2016/17 Audit Plan a number of improvement actions were identified in order to enhance the corporate oversight and management arrangements of this key services contract. In January 2020 management provided the Audit and Governance Committee with an update on the progress made concerning the outstanding actions. Whilst the committee acknowledge that good progress had been made, it was agreed that Internal Audit would undertake an independent review as part of the 2020-21 work plan. | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |
| Building Control Shared Service | Identified as part of RBIAP Limited Assurance Follow Up SRR 1.2 and 1.4 | The Council agreed to enter into a shared service arrangement for the Building Control function with Stroud District Council in January 2015. A Section 101 agreement sets out the duties and functions to be delegated from one authority to another. It also incorporates the mechanism for day-to-day management, financial arrangements and dispute resolution. The 2019/20 audit concluded that only 'Limited Assurance' can be provided that the risks material to the achievement of the objectives for this area were being managed effectively. This audit will provide assurance that the action taken by management to address the issues identified has been effective. | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|-------------------------------------|--|--|----------|---|
| Community Infrastructure Levy (CIL) | Identified as part of RBIAP SRR 1.1, 1.2, 1.5, 1.7 and 1.13 | <p>New CIL Regulations came into effect on 1 September 2019 and bring into practice the Government's reforms to developer contributions. The changes are designed to make the existing system less complex, more transparent and easier for local authorities to introduce, review and enable CIL and S106 to operate together by removing the pooling restrictions.</p> <p>The Regulations also require those bodies responsible for charging and spending developer contributions from CIL and S106 to publish this information in the form of Strategic Infrastructure Funding Statements (SIFS).</p> <p>This audit will review the income collection established by the Council under CIL.</p> | 2 | Defer for consideration in 2021/22 |
| Gloucester Car Boot and Flea Market | Identified as part of RBIAP SRR 1.1, 1.2 and 1.6 | The Council operates a Car Boot and Flea Market at Hempstead, on Wednesdays and Sundays throughout the year. The site is managed by a third-party provider for a fixed fee with the Council also receiving a share of any surpluses generated. This audit will review the accounting records maintained by the provider to support the levels of income generated / expenditure incurred which are then used calculate the Council's share of the surplus generated under this arrangement. | 2 | Cancelled. No longer the responsibility of the Council |

Internal Audit Plan 2020/21

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|----------------------|--|--|----------|--|
| Licensing - Premises | Identified as part of RBIAP SRR 1.1 and 1.2 | <p>The Council supports the local economy by ensuring businesses providing licensable services are regulated to protect the public or others from harm. Licences are subject to a fee designed to cover service costs. This audit shall review the fee-setting / collection arrangements, administration and the monitoring of compliance with legislated requirements for the granting of licences for the:</p> <ul style="list-style-type: none"> ➤ Sale / supply of alcohol for consumption on or off the premises; ➤ Provision of regulated entertainment; and ➤ Provision of late-night refreshment (provision of hot food and/or hot drink between 11pm and 5am). | 2 | In Progress. Planned to be completed by 31/10/2020. |

Internal Audit Plan 2020/21

Policy and Resources

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---|---|---|----------|--|
| Blackfriars Priory Turnover Certificate | Annual requirement SRR 1.4 and 1.7 | The rent charges paid by the Council to English Heritage are based on a percentage of the income generated from holding events at Blackfriars Priory. It is a condition of the lease that the Council provides a turnover certificate from a qualified auditor to confirm the level of income received. This audit will provide assurance that the turnover values stated to English Heritage are in accordance with the records held by the Council. | 1 | Completed |
| Council Tax - Refunds | Requested by Chair of the Audit and Governance Committee SRR 1.1, 1.2, 1.4 and 1.6 | <p>Council Tax refunds are as a result of the receipts from the tax payer for a financial period, when liability is not due:</p> <ul style="list-style-type: none"> ➤ Change of residential address outside of the city boundaries; ➤ Retrospective single person discount awards; ➤ Property exemption; and ➤ The Valuation Office amends the residential property band A to H. <p>Initiation of the refund of Council Tax is supported by a request from the taxpayer for return of the amount overpaid. This audit will review the arrangements established by the provider to ensure the refunds are processed accurately and timely.</p> | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |

Internal Audit Plan 2020/21

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---|--|---|----------|--|
| Debt Management (Sundry Debtors and Business Rates) | <p>Identified as part of RBIAP</p> <p>Requested by Chair of the Audit and Governance Committee</p> <p>SRR 1.1, 1.2 and 1.6</p> | <p>Income generated from sundry debtors and the collection of Business Rates is a significant source of revenue to support the Council's strategic and operational plans. Financial controls are therefore of critical importance to minimise inherent risks to the income generated by the Council.</p> <p>This audit will review the effectiveness of control framework to monitor outstanding debts and to effect recovery if the debt is not paid.</p> | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |
| <p>Elections - claims for reimbursement of expenditure for:</p> <ul style="list-style-type: none"> ➤ Gloucester City Council (May 2020); ➤ Police and Crime Commissioner (May 2020); and ➤ General Election (December 2019). | Requested by Policy and Governance Manager | <p>The General Election took place in December 2019 and the Local Elections for Gloucester City Council and Gloucestershire Police and Crime Commissioner will take place in May 2020.</p> <p>The costs incurred by the Local Returning Officer for managing and administering the elections which will be paid through Gloucester City Council's payment systems may be claimed back from the Electoral Commission (EC).</p> <p>This audit will provide assurance that, in all significant respects, the claim for each election (to be signed off by the Returning Officer) is complete and accurate and appropriately evidenced.</p> | 1 | Elections did not take place. Defer for consideration in 2021/22. |

Internal Audit Plan 2020/21

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---------------------|---|---|----------|--|
| Accounts Payable | Identified as part of RBIAP SRR 1.2 and 1.16 | <p>The objective of the Accounts Payable function is to pay valid supplier invoices in respect of goods or services received within agreed payment terms. In 2018/19 creditors were responsible for circa £31.7m of payments (inclusive of VAT), it is therefore important to have robust and effective controls.</p> <p>This audit will review the effectiveness of the arrangements for setting up new vendors, vendor changes and invoice control.</p> | 2 | Completed |
| Bank Reconciliation | Identified as part of RBIAP SRR 1.2 and 1.6 | <p>The accurate and timely processing of bank reconciliations is a fundamental financial control process to ensure the integrity of the transactions in the accounting system (Civica financials).</p> <p>This audit will examine the reconciliation processes that are currently in operation to verify their regularity, accuracy, completeness and timeliness.</p> | 2 | Defer for consideration in 2021/22 |

Internal Audit Plan 2020/21

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---|---|---|----------|--|
| Cemeteries and Crematorium – compliance with GDPR | Identified as part of RBIAP SRR 1.8 | <p>The General Data Protection Regulation (GDPR) is a legal framework that sets guidelines for the collection and processing of personal information of individuals within the European Union (EU). GDPR regulation covers all organisations that deal with data of EU citizens, so it is a critical regulation for corporate compliance. The regulation was adopted on 27 April 2016 and became enforceable from 25 May 2018.</p> <p>This audit will review the personal data held by the service to provide assurance that personal information gathered is only used for the purpose for which it was originally intended and held in accordance with GDPR principles.</p> | 2 | Defer for consideration in 2021/22 |
| FOI | Identified as part of RBIAP SRR 1.2 and 1.8 Carry fwd from 2019/20 | <p>The Freedom of Information Act 2000 provides public access to information held by public authorities. It does this in two ways:</p> <ul style="list-style-type: none"> ➤ Public authorities are obliged to publish certain information about their activities; and ➤ Members of the public are entitled to request information from public authorities. <p>This audit will review the processes and procedures put in place by the Council to ensure it fulfil its legal obligations under this Act and when responding to the requests received.</p> | 2 | Completed |

Internal Audit Plan 2020/21

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|-------------------------------|--|---|----------|--|
| Property Investment Strategy | Identified as part of RBIAP SRR 1.14 Carry fwd from 2019/20 | The Council has a substantial property portfolio across the City. This audit will review the effectiveness of the decision making process and controls concerning the acquisition and disposal of property owned by the Council. | 2 | In Progress. Planned to be completed by 31/03/2021. |
| The Arbor – Income Collection | Identified as part of RBIAP SRR 1.1, 1.2 and 1.6 | The Mulberry room and the Willow tea room are available for hire at the Arbor (Gloucester Crematorium) and aim to provide a tranquil setting for family and friends to gather and celebrate the life of a loved one. On a daily basis, the Willow tea room is also open to the general public if this area is not being fully utilised by a function. This audit will review the controls to ensure that all income due to the Council from this facility is received and accounted for. | 2 | Defer for consideration in 2021/22 |

Internal Audit Plan 2020/21

ICT

The ICT audit needs assessment 2020/21 has been compiled by ARA's ICT audit specialists in consultation with and having input from the Council and Civica officers. The ICT internal audits proposed by the ICT audit needs assessment are as follows:

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|--|--|--|----------|--|
| Business Continuity and IT Disaster Recovery | Limited Assurance Follow Up SRR 1.2, 1.8 and 1.10 | The objective of the 2019/20 internal audit was to review the alignment of the Business Continuity arrangements and ITDR capability of the Council, to identify any gaps in capability to recover systems and any expectations gaps for service managers. The 2019/20 audit concluded that only 'Limited Assurance' could be provided for the control environment, due to the lack of a documented and authorised IT Disaster Recovery plan matching recovery arrangements against Council priorities. This audit will provide assurance that action has been taken by management to address the issues identified. | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |
| Cyber Security | Identified as part of RBIAP SRR 1.2, 1.8 and 1.10 | There have been significant changes regards Cyber Security requirements, since the previous cyber security internal audit reviews were undertaken during 2017/18 (this excludes completed follow up activity). This review will consider the Council's information risk management regime including ICT Security related policies and procedures, secure configuration of devices, perimeter security, managing user privileges, user education and awareness, incident management, malware prevention, monitoring, removable media controls and home and mobile working. | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |

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| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|------------------|--|--|----------|--|
| Patch Management | Identified as part of RBIAP SRR 1.2, 1.8 and 1.10 | Review of the Council's patch management processes and controls, subsequent to the identified risk and recent incident relating to the loss of a file server after installing a Microsoft patch. | 1 | Planned to be completed 01/10/2020 to 31/03/2021 |

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Contingency for emerging risks from COVID 19

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|-------------|------------------|---|----------|--|
| Contingency | COVID 19 | UNPLANNED Allocation to provide unplanned assurance and/or general support to service areas as a consequence of the current pandemic. | 1 | As required |

Internal Audit Plan 2020/21

Counter Fraud

| Audit | Reason for Audit | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---------------------------------|--|--|----------|--|
| Fraud Investigation / Detection | To support the Annual Governance Statement Strategic Risk Register (SRR) 6 | Allocation to continue the development and implementation of the Council's Anti-Fraud and Corruption arrangements based on latest best practice. This also includes an allocation for increasing the profile and awareness of anti-fraud, conducting pro-active counter-fraud reviews and undertaking investigations as required. | 1 | Ongoing |
| National Fraud Initiative (NFI) | To support the Annual Governance Statement Strategic Risk Register (SRR) 6 | To continue to co-ordinate activity as part of the NFI (a national data matching exercise that compares data/records i.e. payroll, licences, housing waiting list, single person discounts, creditors etc.) for a wide range of public services, including ensuring that matches are investigated promptly and thoroughly, and reporting of results. | 1 | Ongoing |
| Fraud Risk Management | To support the Annual Governance Statement Informs the Risk Based Internal Audit Plan | The CIPFA Counter Fraud Centre has issued guidance on actions to be taken to 'Manage the Risk of Fraud and Corruption' within an organisation. This allocation is to continue to self assess against the criteria set out in the guidance in order to direct/prioritise our counter fraud and internal audit resources/activity accordingly. | 1 | Ongoing |

Internal Audit Plan 2020/21

Management Activity to Support the Audit Opinion

| Activity | Reason for Activity | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|---|--|--|----------|--|
| Annual Governance Statement (AGS) | Statutory Requirement | This allocation is to lead on the development and implementation of the governance assurance framework and to develop and publish the 2020/21 AGS and Local Code of Corporate Governance. | 1 | Ongoing |
| Audit and Governance Committee / Member / Officer and Chief Financial Officer Reporting | Management activity to support the audit opinion | This allocation covers Member reporting procedures, mainly to the Audit and Governance Committee, plan formulation and monitoring and regular reporting to and meeting with, the Chair and Vice Chair of the Audit and Governance Committee and the Head of Policy and Resources. | 1 | Ongoing |
| Quality Assurance and Improvement Programme (QAIP) including the annual review of the effectiveness of Internal Audit and the external assessment | Statutory Requirement To support the AGS | The Accounts and Audit Regulations 2015 states that Internal Audit should conform to 'proper practices' and it is advised that proper practice for internal audit is currently set out in the Public Sector Internal Audit Standards (PSIAS) 2017. This allocation is to undertake an annual self assessment and when required, commission and deliver an external quality assessment, against the Standards. | 1 | Ongoing |

Internal Audit Plan 2020/21

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| Activity | Reason for Activity | Outline Scope | Priority | Proposal to Audit and Governance Committee |
|--|--|---|----------|--|
| External Working Groups | Activity to support the audit opinion | Attendance / work in relation to the Local Authority Chief Auditor's Network (National Group), Midland Counties and Districts Chief Internal Auditors Group and the Fraud and ICT Groups to enable networking and to share good practice. | 1 | Ongoing |
| External Audit Liaison | Management activity to support the audit opinion | The External Auditor and the Chief Internal Auditor regularly meet to discuss plans and audit findings, to ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services. | 1 | Ongoing |
| Provision of Internal Control / General Advice | To support an effective control environment | This allocation allows auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the Council. | 1 | Ongoing |
| Recommendation Monitoring | Activity to support the audit opinion | Whilst it is management's responsibility to manage the risks associated with their outcomes/objectives, this allocation enables Internal Audit to monitor management's progress with the implementation of high priority recommendations. | 1 | Ongoing |
| Internal Working Groups | Activity to support the audit opinion | Internal Audit is frequently asked to nominate representatives for working groups to advise on risk and control. | 2 | Ongoing |

Gloucester City Council
Audit and Governance Work Programme 2020-2021
(Updated 28 August 2020)

| Item | Format | Committees | Lead Officer | Comments |
|--|----------------|--------------------------|------------------------------|---|
| 14th September 2020 | | | | |
| 1. Statement of Accounts | Written report | Audit and Gov | Head of Policy and Resources | Part of the Committee's annual work programme |
| 2. Deloitte External Audit Report 2019/20 (ISA 260 to those charged with Governance) | Written Report | Audit and Gov | Head of Policy and Resources | Part of Committee's annual work programme |
| 3. Internal Audit Activity 2020/21 – Progress Report | Written Report | Audit and Gov | Head of IA&RM Shared Service | Part of the Committee's annual work programme |
| 4. Audit and Governance Committee Work Programme | Timetable | ----- | ----- | Standing Agenda Item |
| 16th November 2020 | | | | |
| 1. Annual Audit Letter 2020/21 | Written Report | Audit and Gov | Deloitte | Part of the Committee's annual work programme |
| 2. Treasury Management Performance 2020/21 Six Monthly Update | Written Report | Audit and Gov Cabinet | Head of Policy and Resources | Part of the Committee's annual work programme |
| 3. Audit and Governance Committee Work Programme | Timetable | ----- | ----- | Standing Agenda Item |
| 18th January 2021 | | | | |
| 1. Deloitte – Grants Audit Report | Written Report | Audit and Gov | Deloitte | Part of the Committee's annual work programme |
| 2. Internal Audit Plan 2019/20 – Monitoring Report | Written Report | Audit and Gov | Head of IA&RM Shared Service | Part of the Committee's annual work programme |
| 3. Audit and Governance Committee Work Programme | Timetable | ----- | ----- | Standing Agenda Item |
| 8th March 2021 | | | | |

| | | | | |
|--|----------------|---------------|------------------------------|---|
| 1. Annual Risk Management Report 2020/21 | Written Report | Audit and Gov | Head of IA&RM Shared Service | Part of the Committee's annual work programme |
| 2. Internal Audit Activity 2020/21 – progress report. | Written Report | Audit and Gov | Head of IA&RM Shared Service | Part of the Committee's annual work programme |
| 3. Internal Audit Plan 2021-22 | Written Report | Audit and Gov | Head of IA&RM Shared Service | Part of the Committee's annual work programme |
| 4. Strategic Risk Register | Written Report | Audit and Gov | Risk and ARA | Part of the Committee's annual work programme |
| 5. Annual Report of the Audit and Governance Committee | Written Report | Audit and Gov | Head of IA&RM Shared Service | Part of the Committee's annual work programme |
| 6. Audit and Governance Committee Work Programme | Timetable | ----- | ----- | Standing Agenda Item |