

<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b>	<b>16<sup>th</sup> November 2020</b>
<b>Subject:</b>	<b>Internal Audit Activity Progress Report 2020/21</b>		
<b>Report Of:</b>	<b>Head of Audit Risk Assurance (Chief Internal Auditor)</b>		
<b>Wards Affected:</b>	<b>Not applicable</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Theresa Mortimer - Head of Audit Risk Assurance</b>		
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<b>Appendices:</b>	<b>A: Internal Audit Activity Progress Report 2020/21</b>		

## 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 Revised Risk Based 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 9<sup>th</sup> March 2020 Audit and Governance Committee meeting.
- 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. Due to the changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Revised Risk Based Internal Audit Plan 2020/21 was approved by Members at 14<sup>th</sup> September 2020 Audit and Governance Committee meeting.
- 3.3 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 Revised Plan.

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

- The progress against the 2020/21 Revised Risk Based 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 September and October 2020; and
- Special investigations/counter fraud activity.

3.5 The report is the second progress report in relation to the Internal Audit Plan 2020/21. It is also the first progress report to reflect the approved 2020/21 Plan revision (due to the impact of Covid).

3.6 As reflected within the Internal Audit Progress Report, examples of the new activities completed by Audit Risk Assurance (ARA) since the outcome of the pandemic include (but are not exclusive to):

- Non-audit related administration support to Revenues and Benefit services in the processing of Business Grants and a data capture project regards dormant outstanding debtors to support future debt collection decision;
- Non-audit related administration support to 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 Revised Internal Audit Plan 2020/21 are scheduled to be presented to the Audit and Governance Committee at the 18<sup>th</sup> January 2021, 8<sup>th</sup> March 2021 and 19<sup>th</sup> 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  
Revised Internal Audit Plan 2020/21  
PSIAS  
CIPFA Local Government Application Note for the UK PSIAS