

# Report to Audit Committee

Agenda  
Item:

**A.6**

Meeting Date: 30 July 2020  
Portfolio: Finance, Governance and Resources  
Key Decision: Not applicable  
Within Policy and Budget Framework YES  
Public / Private Public

Title: INTERNAL AUDIT PROGRESS 2019/20 FINAL (JANUARY TO MARCH)  
Report of: CORPORATE DIRECTOR FINANCE & RESOURCES  
Report Number: RD12/20

## Purpose / Summary:

This report provides an overview of the work carried out by internal audit since the previous Audit Committee (18 December 2019) to the end of the 2019/20 financial year.

## Recommendations:

The Committee is requested to

- i) note the progress against the audit plan for 2019/20;
- ii) receive the final audit reports as outlined in paragraph 2.2;

## Tracking

Audit Committee:	<b>30 July 2020</b>
Scrutiny Panel:	<b>Not applicable</b>
Council:	<b>Not applicable</b>

## **1. BACKGROUND INFORMATION**

- 1.1 Management is responsible for establishing effective systems of governance, risk management and internal controls. It is the responsibility of management to establish appropriate arrangements to confirm that their systems are working effectively, that all information within them is accurate and that they are free from fraud or error.
- 1.2 Internal Audit's role is to provide independent assurance to senior management and the Audit Committee over the adequacy and effectiveness of management's arrangements for governance, risk management and internal control.
- 1.3 This report summarises the work carried out by Internal Audit in the period January 2020 to March 2020.

## **2. PROGRESS AGAINST AUDIT PLAN**

- 2.1 The final outcomes against the audit plan, including performance indicators are recorded in the Internal Audit Annual Report (RD07/20).
- 2.2 8 planned pieces of work (over 7 reports) were completed in the period.

<b>Review Area</b>	<b>Assurance Level</b>
Building Control	Substantial
Car-Parking / Car Parking income (combined)	Reasonable
Tullie House	Reasonable
Driver Checks	Partial
National Non-Domestic Rates	Reasonable
Treasury Management	Substantial
Hostels (Part-Review)	Substantial

- 2.3 Audit fieldwork for the Hostels review was restricted due to the impact of the Covid-19 pandemic, as internal audit were unable to conduct site visits as part of the review. This testing will be carried out and reported during 2020/21.
- 2.4 Internal Audit have also completed an audit of Absence Management. The findings have been considered as part of the overall Internal Audit opinion for 2019/20 and, following consideration by the Audit Committee, can also be made available to the Task and Finish group established (prior to completion of the audit) to review the existing Policy to help inform improvements, if required. The report is currently in draft format as further work is needed to finalise the content. The final report will be presented to the September Audit Committee ..

2.5 Internal Audit also carried out an update review of Information Security, which summarised progress made in relation to Information Governance and Records Management, including progress against previous audit recommendations. An update memorandum was issued, which included four recommendations made to further support the mitigation of risk in this area. The four recommendations were all agreed and will be included in Internal Audit's schedule of outstanding recommendations. The memorandum has been welcomed by Senior Management who have advised the imminent recruitment of a head of ICT is key to addressing the issues raised.

2.6 Internal Audit resource was also utilised on the following within the period:

- Recruitment of a new Auditor to fill a vacancy within the team, including shortlisting, interviewing and induction.
- Undertaking an investigation relating to various grievances.
- Enhancing organisational fraud awareness through inclusion of relevant information within the Council's new induction handbook.
- Preparation of the draft internal audit plan for 2020/21 (See RD15/20)
- Providing ad-hoc advice in relation to corporate charge cards and e-procurement.
- Follow up of outstanding recommendations (See RD15/20)

### **3. RISKS**

3.1 Findings from the individual audits will be used to update risk scores within the audit universe. All audit recommendations will be retained on the register of outstanding recommendations until Internal Audit is satisfied the risk exposure is being managed.

### **4. CONSULTATION**

4.1 not applicable

### **5. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

5.1 The Committee is requested to

- i) note the progress against the audit plan for 2019/20;
- ii) receive the final audit reports as outlined in paragraph 2.2;

### **6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

6.1 To support the Council in maintaining an effective framework regarding governance, risk management and internal control which underpins the delivery the Council's corporate priorities and helps to ensure efficient use of Council resources.

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**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:**

- **None**

**CORPORATE IMPLICATIONS/RISKS:**

**Legal** – In accordance with the terms of reference of the Audit Committee, Members must consider a summary of internal audit activity and summaries of specific internal audit reports. This report fulfils that requirement.

**Finance** – Contained within the report

**Equality** – None

**Information Governance** – None