AUDIT COMMITTEE

**24th November 2020**

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**Subject:** **Head of Internal Audit Annual Report 2019/20**

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## 1. Purpose of Report

1.1 To provide for the 2019/20 financial year:

- the rationale for and an audit opinion on the adequacy and effectiveness of Castle Point Borough Council's (the Council's) risk management, control and governance processes

- a statement on conformance with the UK Public Sector Internal Audit Standards (the Standards) and the results of the Quality Assurance and Improvement Programme.

## 2. Background

2.1 The Head of Internal Audit's Annual Report and Opinion provides the Council with an independent source of evidence regarding both the design of its risk management, control and governance framework and how well it has operated throughout the year.

2.2 The opinion is predominantly based upon the audit work performed during the year as set out in the risk based Audit Plan discussed with the Executive Management Team and approved by the Audit Committee.

2.3 As outlined in the Internal Audit Charter, audit coverage is determined by prioritising the significance of the Council's activities to its ability to deliver its Priorities, Objectives and Targets. This is done:

- using a combination of Internal Audit and management risk assessments (including those set out in risk registers)

- in consultation with some service managers, Heads of Service and the Strategic Director, Resources to ensure the work is focused on key risks.

2.4 Periodic discussions are then held with the Strategic Director, Resources to:

- reflect on the original risk profile and work planned

- determine whether any changes are required to it or the Audit Plan.

2.5 Organisationally, this reflects a mature approach to operating an internal audit function.

2.6 All individual audit reports are discussed with the relevant Service Managers and Heads of Service or Strategic Directors before being finalised.

2.7 The opinion and summary findings from audit reviews are reported to the Executive Management Team and the Audit Committee throughout the year.

## 3    Head of Internal Audit Opinion for the year ended 31 March 2020

3.1    The Council continues to maintain satisfactory and effective risk management, control and governance arrangements, despite the continuing financial pressure that it is dealing with. During 2019/20 an external provider reported on a high-level assessment of the Council's risk management arrangements which concluded that risk management is happening as expected across the Council, however there is further work to be done to fully embed this to drive value from the process and help inform decision making at all levels of the Council.  As a result, reliance continues to be placed on the Council's risk management arrangements, but steps will be taken to further enhance the consistent utilisation of arrangements and to refresh the Risk Management Policy and Strategy.

3.2    The work of the Good Governance Group and results of the audits completed continue to confirm that:

- corporate business management processes remain generally well designed and, in some areas, work is underway to update or strengthen them further

- there is inconsistency in terms of application, across some services which still need to be addressed.

3.3    Therefore as a result of the assurance provided by audit and other work undertaken, the design and operation of the Council's risk management, control and governance framework in place for the year remains satisfactory overall.

3.4    The impact of the covid-19 pandemic began to manifest itself in the latter part of the year as the Council went into emergency response mode in line with the rest of the country and most of the world. The Council's response appears to have held up well, cooperating with and coordinating a range of resources from a range of different sources to provide the support, response and management of the community to meet the requirements of the Borough as it went through the period of lockdown. There remains much to do as the situation continues to evolve and there will be further challenges as the Borough and the Council works on recovery from the pandemic, and the Council is gearing itself up to deliver and meet the multiple challenges ahead.

3.5    As a result there are changes being made to way the Council is operating, including most staff currently operating remotely for most of the time. These new ways of working in the current situation continue to develop and evolve, and there is a need for these to have the opportunity to be properly embedded and assurance obtained that they are working effectively as intended, before they can be considered to be operating effectively.  However the opportunity for a period of time in which things can settle into a 'new normal' does not appear to be forthcoming very soon.

3.6    Therefore, the remainder of this report should be read within this context.

3.7    No issues have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement.

3.8 Internal Audit is subject to a formal, independent review of its compliance with professional standards every five years. External audit relies on the work internal audit complete on financial systems where it is relevant to its audit of the Council's financial statements.

3.9 The basis for forming this opinion is an assessment of:

- the design and operation of the underpinning governance and assurance framework

- the range of individual opinions arising from risk based and other audit assignments that have been reported during the year taking into account the relative significance of these areas

- whether management properly implement actions arising from audit work completed, to mitigate identified control risks within reasonable timescales

- any other assurance available from independent sources.

3.10 The Head of Internal Audit has not reviewed all risks and assurances relating to the Council's activities in coming to his opinion.

## 4. Supporting Commentary

4.1 **Appendix A** summarises the audit opinions issued this year.

4.2 The following paragraphs then:

- summarise findings from all the work completed this year

- highlight the key areas requiring improvement

- summarise how other independent assurance has been used to support the opinion.

4.3 Where necessary, actions have been agreed with services to improve the arrangements where the more serious control issues were identified during the audits.

**Managing the Business**

4.4 The **Good Governance Group** continued to operate efficiently and effectively, in that it had:

- a Terms of Reference agreed by the Executive Management Team that required it to ensure:

  - the Council maintains arrangements that are fit for purpose and comply with good practice requirements

  - that sufficient assurance is available throughout the year to support the production of the Annual Governance Statement.

  - it has an appropriate membership of senior officers responsible for maintaining the main corporate business management processes that are then applied at service level.

4.5 It continued to deliver its work programme during the year which ensured key tasks were completed, and involved:

- robustly challenging Corporate Assurance Statements for 2019/20 before signing off the assessments and the action required to improve these business management arrangements

- critically evaluating a summary of service assessments of these arrangements, as contained in the Manager Assurance Statements.

4.6 Therefore it is possible to place reliance on the conclusions drawn from this work, which are summarised in the audit opinion above.

4.7 The Strategy, Policy & Performance Manager continued to produce quarterly reports on the operation of the Council's **key business management arrangements.** These were presented to and challenged by the Executive Management Team and the Audit Committee. No significant concerns were reported. Opportunities to strengthen or develop arrangements were highlighted in the year as they arose.

4.8 The processes outlined above remain key elements of the Council's assurance framework, and continued to provide evidence of the effective design and operation of its business management arrangements.

4.9 In 2019/20, an external provider reported on their high level assessment of the Council's **risk management** arrangements which concluded that risk management is happening as expected across the Council, however there is further work to be done to fully embed this to drive value from the process and help inform decision making at all levels of the Council. As a result reliance continues to be placed on the Council's risk management arrangements, but steps will be taken to enhance arrangements. The understanding of risk was assessed as sound at both corporate and service levels. The governance of the organisation ensured that risk management was operating in a way that met its needs.

4.10 The Council continued to maintain a Corporate Risk Register that was reported to the Executive Management Team each quarter and the Audit Committee twice a year. Heads of Service were required to identify key risks in their service plans, which were reviewed by the Strategy, Policy & Performance Manager.

4.11 Therefore, reliance continued to be place on the Council's risk management framework throughout the year.

4.12 The **Business Continuity** Management (BCM) programme should ensure Business Continuity Plans (BCPs) are in place to enable the continued delivery, or recovery of, critical services following a disruption event to business as usual. The plans, which should be based on Business Impact Analysis and exercised to ensure they are fit-for-purpose, should be designed to appropriately minimise the risk to the organisation's obligations, including legal, contractual, and financial requirements, and provide continued service to its residents.

4.13 The Council has developed a Corporate BCP that details the actions to be considered should the Council be affected by a business continuity incident. Its scope covers all services which are controlled by the Council excluding partners, contractors, and / or suppliers. It also includes criteria for determining its activation, identified risks, and the incident levels and responses to be followed. However, where critical resources are referenced these have not yet been identified to support the recovery of the service.

4.14 In addition, whilst Service Level BCPs are in place, many use an older template that the Council were in the process of revising at the time of audit. Introducing, for example, recovery time objectives, and dependencies required to support these functions within these BCPs would ensure the Council are adequately protected at a service level.

4.15 Good practice expects that each BCP is based on a Business Impact Analysis (BIA) that identifies the critical services / activities that must be continued or recovered following disruption. Each service / activity is assessed for its criticality to the continuation of the organisation should a disruption occur; it determines, for example, recovery time objectives (RTO) and resources required to continue or restore the activity. BCPs are based on the outputs of BIAs. Consultation with key stakeholders should ensure that for both those depending on an output, and those contributing to it (e.g. IT, suppliers), that the RTOs are appropriate and aligned across planning.

4.16 The Council's BIA was last updated in October 2019 and is scheduled to be reviewed in 2021. However, it was identified that the current template was outdated and is currently being refreshed. As the BIA may be out of date, it cannot be confirmed whether critical services have been correctly identified in current BCPs and can be recovered within the timeframes expected by management and will be prioritised according to its current objectives and risks.

4.17 Alongside these, useful threat and risk assessments have been conducted to support the BIA, however improved clarity on how these have informed the planning to ensure that appropriate work arounds are in place for any significant threat scenarios would benefit the Council.

4.18 Exercising the BCP against a range of reasonable worst-case scenarios enables the organisation to identify strengths and weaknesses in the plan and assess whether the current plan will recover critical activities within the agreed timeframes and deliver in accordance with management expectation. The Council has not yet exercised its plans, so it has not yet assured itself that the plans will deliver the intended outcomes. We understand that this was going to take place upon the completion of the BC document refresh exercise, however the current COVID-19 pandemic has impacted the completion of this exercise. From discussions with management we understand that some plans have been exercised for real during the pandemic, including staff successfully working from home during this period. However, we have not reviewed or examined any evidence or documentation to validate this and determine whether critical services / activities were continued as expected. In addition, as the Council is currently refreshing its BIA and BCM plans, and in light of its COVID response, this is a good time to review how it will relaunch its BCM campaign to all staff, highlighting their personal responsibilities, the location of key documents including key templates, and communicating the roles and responsibilities for the divisional BC champion.

4.19 The Council has a Business Continuity governance structure in place that provides oversight of the BCM programme with a designated BCM sponsor. Management have already commenced work on the above actions to address identified issues and to realise the recognised benefits from those improvements, in line with good practice. This will be further informed by the learning from the Council's response to Covid-19 that will be incorporated into relevant BCM documentation.

4.20    Our original audit confirmed that a comprehensive programme of work was scoped in advance of **General Data Protection Regulations** (GDPR) coming into effect which was supported by a specialist third party review. The implementation was overseen by the Information Governance Sub-Group and the Operational Management Team.

4.21    However, a number of business management processes were not yet operating effectively, including that there is a gap in holding a central record of information due to completion of the registers being devolved to service areas.

4.22    Our follow up work in the year confirmed that the Council has made good progress in implementing the recommendations raised as part of the previous audit. The Council has prioritised those recommendations and our follow up has been confirmed that five of the original ten recommendations have been fully implemented and are now part of day-to-day operations.

4.23    Five recommendations remain in progress at the point of reporting. These recommendations relate to the following:

- Ensuring that the follow-up health check is completed by Zurich Risk Engineering (in progress)

- Ensuring all eleven Information Assets registers are updated to reflect the comments made from the Internal Review (in progress)

- Compiling a central record of outstanding issues with IT systems (in progress)

- Continuing to investigate, identify and progress a solution to enable the Council's use of email to comply with GDPR (in progress)

- Updating the remaining contracts which involve processing personal information (in progress).

4.24    Good progress has already been made in respect of the following areas of activity designed to enhance the Council's compliance with the requirements of GDPR.

4.25    The Retention Policy was updated in May 2019 and was approved by the Operational Management Team in June 2019. The Policy was publicised on the staff intranet and made available to all staff. Internal Audit reviewed the policy to ensure compliance with the core components and contents of GDPR with no exceptions identified.

4.26    Whilst the decision remained not to make additional resources available centrally, to support the implementation and ongoing embedding of compliance with GDPR , the reliance on service areas complying with expectations, with limited checking or oversight, has been recognised as a risk on the Strategic Risk Register, with the risk that the Council is *'Unable to fully implement the requirements of the General Data Protection Act Regulations'* which is being monitored and managed, as evidenced by review of the strategic risk register in September by the Council's Executive Management team and the Audit Committee.

4.27    Management have reviewed the information on the Record of Processing Activities (ROPA) against the underlying Information Asset registers, both to ensure that there are no gaps and that the information in the ROPA is consistent with the underlying Information Asset registers. The ROPA identifies retention periods and the legislative justification for processing. The ROPA addresses gaps in the Information Asset Registers. They have both

now been updated. The ROPA and Information Asset Registers have been cross referenced to ensure that they are consistent with each other with no exceptions noted.

4.28    Management have reminded service managers of the importance of ensuring that their staff complete mandatory training, with completion rates being reported to and monitored by the OMT. Internal Audit obtained a spreadsheet showing the staff members that have not completed the mandatory GDPR training. The five permanent staff members that have not yet completed the eLearning have been chased.

4.29    Training completion is monitored by the training provider who issue status reports to the Council when requested. The training must be completed every two years to keep staff knowledge up to date. Compliance is reported to OMT at their meetings.

4.30    Management have introduced scheduled compliance checks of staff adherence to clear desk expectations. An exercise was performed in October 2019 to review the information on all desks within the Council building for any and all files, with a focus on those containing personal data. Such a review will now take place on an annual basis and the date for the next review has been set.

**Service Delivery Risks**

4.31    A key objective for Internal Audit is to give a view on whether the Council's risk management and control processes are robust enough to enable services to effectively contribute to the delivery its Corporate Priorities, Objectives and Targets.    The remainder of the report therefore, structures the audits undertaken of services areas under the Corporate Priorities they help deliver so this connection can be made.

ENVIRONMENT

4.32    Our work on **Management and monitoring of Street Cleaning and Ground Maintenance contract with Pinnacle** found that arrangements for monitoring the contractor's performance and quality of service are well designed and embedded into day-to-day operations.

4.33    The Contract Manager also uses feedback from citizens to inform his assessment of the contractor's performance. Complaints statistics have been collected for each month examined evidencing effective maintenance of the complaints register. Complaints were discussed in all monthly meetings evidencing a consistent and effective application of the process over an extended period of time.

4.34    Default and Persistent Failure Notices are tabled at the relevant Monthly Contract Meetings where performance is discussed and agreed as correct by the Council's Contract Manager and the Contractor's Representative. Both sign the 'Default and Persistent Failure Notice Financial Deduction'. Credit notes are raised in respect of the total amount to be deducted and the contractor's invoice is then paid. All deductions were calculated correctly. This evidences a consistent and effective application of the process over an extended period of time.

4.35    The Council embarked on a zero-based budgeting exercise in respect of the whole organisation at the beginning of 2019/20 and providing budgetary control services to operational management had been deliberately curtailed, to free up resource for that task. It was confirmed that contract budgetary control for the purposes of monitoring contract costs had caught up by January 2020 evidencing sound financial management practice.

4.36    Budgetary control statements are adequately designed and make provision for calculating the outturn variance figure in accordance with recommended practice.

4.37    All contract variations were in writing in accordance with the contract clause and were correctly costed evidencing diligent management financial practice.

4.38    The contractor's performance is measured and recorded across a suite of monitoring reports. The records for the financial year to the point of audit were up to date, evidencing a consistent and effective application of sound contract performance management principles over an extended period of time.

4.39    Our work on **Management and monitoring of contract with JAD Security** found that the contract sets out what is required by the contractor but has been kept flexible. During the period of disruption caused by Covid-19 appropriate adjustments have been made and controls remain in place.

4.40    Things to consider for the new contract include:

- having a clear process for variations

- keeping a full history of the contract on the shared drive

- legal aspects, such as health and safety.

4.41    The Council currently undertakes its own checks to confirm the contractor has properly accounted for all monies collected. However, consideration should be given on how to monitor performance going forward.

4.42    Having a procedure note would help to ensure that roles and responsibilities of all staff involved in the day to day running of the contract are clear, so that:

- work can be picked up by other staff if needed

- the contract manager is supported in their role of robustly monitoring the contractor's performance.

HOUSING AND REGENERATION

4.43    Internal audit were asked to comment about the adequacy and appropriateness of the draft Service Level Agreement (SLA) being drawn up between the Council and South Essex Homes. Our review identified that the Council had developed a well-structured SLA for the delivery of **housing property management and maintenance** services. The primary and expected components are included but our review identified further enhancements which may inform better working practices across all primary elements of operational service delivery, governance and financial arrangements, that were addressed by management before agreement of the SLA.

4.44    As a result the SLA articulates the required services to maintain the Council's housing stock, including responsive repairs, capital works, health and safety compliance, voids and planned maintenance.  This is performed via collaborative, joint working arrangements between the Council and South Essex Homes, with stakeholders from both parties present on the Partnership Board, the governance forum responsible for the effective delivery of the services and South Essex Homes staff embedded in the Council's Joint Property Management Team.

4.45    As the SLA has been operational for over a year, the purpose of this audit was to assess whether there is robust management and monitoring arrangements in place to ensure the SLA is being fully and effectively delivered, thereby enabling the Council to realise the property management service's desired objectives and/or outcomes.

4.46    It was confirmed that the SLA has been used as the key driver in implementing required management and monitoring arrangements. The Partnership Board and Joint Property Management Team's responsibilities have been outlined, supported by set Key Performance Indicators (KPIs), as agreed upon signing the SLA, to monitor performance in the key service areas.

4.47    This has enabled the Council to implement a monitoring regime, where key strategic and operational meetings have been taking place, with required topics being covered, actions being tracked and KPIs monitored to assess performance and evidence is available to support decision making in relation to the service provision.

4.48    There is a need to expand on the requirements and direction provided by the SLA to formalise more operational aspects of the management and monitoring regime. As an example, by implementing a Terms of Reference for the Partnership Board, this will provide clarity, consistency and accountability of its role and responsibilities as a Board, help to assess effectiveness when periodic reviews are performed over the delivery of the SLA and ultimately, ensure the Council obtains a service that residents are content with and provides value-for-money.

4.49    Management have already begun to work with South Essex Homes to obtain reporting on elements that were not being provided, including the completion survey reporting to help ensure that all KPIs and management information is available to assess performance.

4.50    Our follow up work on the **Development Control Support Team** found that four of the five recommendations had been fully implemented, with the fifth substantially implemented.

4.51    The Support Team Procedure Notes and Planning and Validation Notes outline how to undertake all of the team's activities. They also specify the timescales for the team's key tasks, including:

• inputting applications onto Uniform within one day

• validating applications within three days

• completing appeal questionnaires within five days.

4.52 Timescales for all other tasks are included in the Development Support Team Information document (see below section). The procedures also make clear:

- that all paper documents must be date stamped on receipt

- the role of the Finance team when a cheque for payment has been declined

- how to cross validate the data from Uniform and Access for the PS1 and PS2 quarterly government returns.

4.53 The team reported that they have a pin board located next to their desks, which includes timeframes they need to follow, along with any other important notes, new procedures or information. Unfortunately it was not possible to confirm this due to Covid-19.

4.54 The Development Control Support Team Information document is a log of all Admin Tasks and Planning Technician Tasks. It lists the expected timescales for each, and ranks them by high, medium or low impact. This determines how often they are checked to:

- ensure tasks are being completed in line with the procedures

- identify whether any training is required

- identify if procedures need updating.

4.55 The Planning Technician Supervisor is responsible for these checks, however due to their current absence these checks have not been completed. This may mean any issues with performance would not be identified. However, the process is now documented which means the Strategic Developments Officer will be able to pick it up easily.

4.56 The team's Performance Indicators (PIs) are monitored quarterly and this is done by checking five applications at random and reviewing whether the identified indicators have been met for those five applications. The Head of Housing feels this number is sufficient as the team have seen a reduction in the number of applications they receive due to the current circumstances brought about by Covid-19, so are able to meet their timeframes. However, it could easily be increased if any issues arise.

4.57 There are currently no Performance Indicators or monitoring for the:

- inputting of amended plans onto Uniform. The Head of Housing does not plan to introduce this.

- closing down of cases. The Head of Housing has decided to tolerate this risk as they receive assurance that the team are working to closedown timeframes from completion of the PS1 and PS2 returns.

4.58 Our follow up work on **IDOX system governance and change management** found that the Council has made some progress in implementing the recommendations raised as part of the previous audit. It has been confirmed that four of the original 10 recommendations have been fully implemented and are now part of day-today operations. In particular:

- terms of references for both the Governance Group and Working Group have been developed and meetings commenced in Spring 2019

- meeting minutes from Governance Group and Working Group meetings show discussions and resulting actions are outlined clearly and succinctly. Attendance at each meeting has been monitored and appropriate individuals have been elected to attend in the absence of group members

- a rolling action tracker to monitor the decisions made at the above meetings has also been developed. This outlines the action to be taken, the due date, responsible officer, the priority of the action and its progress or completion date.

4.59 A further 2 recommendations remain in progress at the point of reporting. These recommendations relate to the following:

- Documentation of the change management process in more detail, building on the existing checklist, produced for the version 10.2.1 upgrade. Without further documentation, it is unclear who has requested changes to the system and why, both for standard and emergency requests.

- Documentation of the Council's current approach to user management, support and change management in flow charts, clearly identifying who is responsible for each process step, has not been completed. In addition, getting the Uniform Working Group / successor forums to agree this as a 'baseline' has also not been completed. Introducing these arrangements will for example help to ensure all system access rights are appropriate.

4.60 Finally, two of the recommendations have been closed as they are no longer applicable.

4.61 **Licensing** policies and procedures provide sufficient guidance to support staff with processing new applications, but more information is needed in respect of appeals and renewals to ensure licences are granted appropriately and in line with legislation.

4.62 All licences are issued via the Lalpac system. Exploring the functionality of this to require more than one person to be involved in issuing a license would help to ensure licenses are only issued when appropriate. As an interim arrangement, a checklist is in place which, when used consistently, will ensure that licence applications are independently reviewed prior to issue. Extending the checklist to include a declaration of conflicts of interest will allow them to be appropriately identified and managed.

4.63 The Letter Book is being updated to align to Lalpac so it can be used as a reliable source of information when monitoring performance and generating the KPIs, while an independent reconciliation of income ensures that all payments have been received.

A COMMERCIALLY AND DEMOCRATICALLY ACCOUNTABLE COUNCIL

4.64 No specific audit work was planned addressing this aim, although a number of the audits undertaken do contribute towards assurance over this aim.

## HEALTH AND COMMUNITY SAFETY

4.65 Our planned review of **Safeguarding** was deferred because of the impact of the Covid-19 pandemic on the team that leads on safeguarding for the Council. However discussions have been held with the team to re-engage on this and it has been agreed that this work will be undertaken in quarter four of the 2020/21 financial year.

## ALL PRIORITIES

### Key Financial Systems

4.66 Three key financial systems were reviewed this year to ensure they:

- were designed to prevent and / or detect material financial errors

- had been in place during 2019/20 and therefore could be relied on when producing the Council's Statement of Accounts.

4.67 Overall, satisfactory assurance was obtained over the **Payroll**, **Accounts Receivable** and **Accounts Payable** systems.

### Implementing Action Plans

4.68 Internal Audit input agreed actions into an access database once audit reports were issued. Management then used this to monitor their implementation via Departmental Management Team meetings.

4.69 Internal Audit only revisited and retested action plans where a partial or minimal assurance opinion was given. Management closed down agreed actions in reports with high and satisfactory audit opinions once they were satisfied they had been properly dealt with. Internal Audit had been working proactively with departments to enhance this process, to enable management to be able to more effectively check that appropriate evidence is presented when agreed actions were to be signed off.

### Grant Claims

4.70 It was possible to certify that money spent under the **Disabled Facilities Capital Grant** Determination, was in line with the grant terms and conditions.

4.71 We have worked with the Council to deliver the evidence requirements for the **Interreg Go Trade Grant** provided by the EU and to provide the necessary assurances to the EU over the Council's use of that money.

**5. Compliance with Professional Standards**

**Head of Internal Audit Opinion**

5.1 *The Institute of Internal Auditors assessed the in-house team as fully meeting most of the Standards, as well as the Definition, Core Principles and the Code of Ethics in October 2017 (classified as "Generally Conforms", the highest rating).*

*Good assessments were achieved in relation to:*

- *reflection of the Standards*

- *focus on performance, risk and adding value*

- *the quality assurance and improvement programme.*

*Needs improvement assessments were given in relation to:*

- *coordinating and maximising assurance*

- *the efficiency of its operations.*

**Resourcing**

5.2 Since the last Head of Internal Audit annual report to the Audit Committee there has been significant change within the team. One Auditor and the Senior Auditor have both joined and left the team in that time. This leaves the combined team with six vacancies. The salaries of the vacant posts are currently being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan. However, the impact of Covid-19 has led to additional pressures on the team's ability to re-allocate work originally planned to be undertaken by the in-house team and find suitable resource to deliver the planned work. This has contributed significantly to the delay in fully progressing work on the 2020/21 audit plan.

5.3 The expected requirements of the internal audit service into the future continue to evolve and the impact of Covid-19 is causing further deliberations to take place both at an industry and local level. An in-house team supported by suitably experienced contractors is currently assessed as being the most appropriate team model, utilising the financial resources available. This will be implemented to result in an appropriate mix of experienced staff, trainees who will be put through a relevant training programme and externally sourced skills. This will enable the team to deliver the internal audit service required by the organisations that it serves.

5.4 The remainder of this report needs to be considered within this context.

**Audit Plan 2019/20**

5.5 The original target was to deliver 100% of the Audit Plan by mid-May so that the Head of Internal Audit Annual Opinion could be included in the Council's Annual Governance Statement, which ordinarily has to be produced by 31 May. Achieving this has been impacted by the Covid-19 pandemic, as has been recognised by the MHCLG who extended the deadlines for completion of the Annual Governance Statement until the 31 August and for the publication of the financial statements, including the Annual Governance Statement until 30 November 2020. In the event, 15 pieces of work had the audit work fully delivered, although not all of the reporting had been completed

and finalised, three pieces of work are still work in progress and four pieces of work were deferred because of the impact of Covid-19 on both the services being audited and the audit team itself.

5.6    **Appendix B** shows the final status of the Audit Plan which is a comparison of actual audit work completed against work planned at the start of the year.

**Other Performance Indicators**

5.7    As much of the work this year has continued to be resourced through framework contracts, a more limited set of performance indicators have been reported upon.

5.8    Sickness absence remained low during 2019/20 at 2.9 days per FTE compared to a target of less than 5 days per FTE for staff..

5.9    Stakeholder surveys are designed to assess compliance with some of the less tangible elements of the UK Public Sector Internal Audit Standards (the Standards).  **Appendix C** summarises the final survey results for 2019/20.

5.10   Overall, the level of compliance remains good, particularly with regard to internal audit adding value to the Council (100%).  However there is scope for improvement in both demonstrating our knowledge and understanding of the service area to be reviewed through the research that has been undertaken in advance of commencing our work and providing relevant evidence to support our findings when required.

**Service Management Arrangements**

5.11   An assessment was also completed of the team's compliance with the Council's governance arrangements requirements as set out in the Manager Assurance Statements.  All were high or satisfactory, where they were applicable.  Actions have been developed to further strengthen arrangements in some areas.

**Quality and Improvement Programme**

5.12   I can confirm that I have maintained an appropriate Quality and Improvement Programme (QAIP) during the year for the in-house team or work undertaken by contractors when being managed by the in-house team.  As required by the Standards, this consisted of:

- on-going supervision and review of individual audit assignments completed by in-house staff or contractors working to in-house staff

- reporting on a limited set of performance targets to the Audit Committee each quarter (for all work done including that of the external supplier)

- reviewing the results of the independent external assessment of compliance with the Standards in October 2017 which is required at least every five years and ensuring that the resultant action plan continues to be delivered.

5.13   I have received assurance from the external suppliers used that where they have undertaken work using their own audit approach, this is also compliant with the Standards.

5.14     **Appendix D** summarises the results of the independent external assessment of compliance against each element of the Standards, updated to reflect the developments that the team have made since the most recent independent external assessment.

5.15     **Appendix E** sets out the remaining actions that still need to be implemented arising from the:

- Head of Internal Audit's assessment of compliance as reported in the Annual Report presented to the Audit Committee in July 2019

- independent external review.

5.16     A key focus for the team has been to ensure internal audit files and its audit approach complies with the requirements of the General Data Protection Regulations.

5.17     Senior management has chosen not to implement the Standard relating to the appointment and removal of the Head of Internal Audit as the Council's normal HR practices would already mitigate this perceived potential risk.

### Other Disclosures

5.18     As required by the Standards, I can confirm that the Internal Audit service has:

- operated in a manner that maintains its organisational independence throughout the year

- been able to determine the scope of reviews, perform the work and report on its findings without interference neither has there been any inappropriate resource limitations imposed upon it.

## 6.     Issues for the Annual Governance Statement

6.1      No matters have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement.

## 7.     Corporate Implications

### Financial Implications

7.1      The Audit Plan was delivered within approved budgets.

### Legal Implications

7.2      The Council is required, by the Accounts and Audit Regulations 2015 (the Regulations) Section 5, 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 Standards require that the Head of Internal Audit to report on compliance with this annually to the Audit Committee.  This report satisfies this requirement.

**Human Resources and Equality Implications**

**Human Resources**

7.3     People issues that were relevant to delivering the Audit Plan were raised in the quarterly performance reports.

**Equality Implications**

7.4     The relevance of equality and diversity was considered during the initial planning stage of every audit before the Terms of Reference were agreed.

7.5     Any significant changes in the Charter and Strategy would also be subject to assessment.

**IT and Asset Management Implications**

7.6     There are no Asset Management Implications as a result of this report.  Any IT implications are set out in the relevant audit reports issued.

## 8.     Links to Council's Aims and Priorities

8.1     Audit work contributes to the delivery of all Council Priorities, Objectives and Targets.

## 9.     Timescale for Implementation

9.1     This annual audit opinion relates to the 2019/20 financial year.

## 10.    Risk Factors

10.1    Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the governance, risk management and control arrangements which may impact of the Council's ability to deliver its corporate objectives.

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**Recommendation**

- **The Audit Committee notes the Head of Internal Audit's Annual Report for 2019/20.**

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**Background Papers**

None.

**Appendices**

Appendix A     Assurance Summary 2019/20

Appendix B     Internal Audit Plan 2019/20 as at 2nd October 2020

Appendix C     Stakeholder Surveys, Compliance with Professional Standards

Appendix D     Summary Assessment of Compliance with UK Public Sector Internal Audit Standards 2019/20

Appendix E     Compliance with the UK Public Sector Internal Audit Standards 2019/20 Action Plan as at 2nd October 2020

**Report Author: Andrew Barnes, Head of Internal Audit**

| Audit Plan Areas | Level of Assurance | | | | |
|---|---|---|---|---|---|
| | **High** | **Satisfactory** | **Partial** | **Minimal** | **No Opinion** |
| **Managing the Business** | | | • Business Continuity | | |
| **Managing Service Delivery Risks** | • Management and Monitoring of Street Cleansing and Ground Maintenance Contract | • Accounts Receivable<br><br>• Accounts Payable<br><br>• Payroll<br><br>• Housing Management Service Level Agreement with South Essex Homes | • Management and Performance of the JAD Security Contract | | • HRA New Build Property Projects |

| Audit Revisited | Action Implementation Level | | | | |
|---|---|---|---|---|---|
| | **High** | **Satisfactory** | **Partial** | **Minimal** | **No Opinion** |
| **Implementing action plans** | • Development Control Support Team | • General Data Protection Regulations | • IDOX system Governance & Change Management | • | • Licensing |

| Grant Claims | Level of Assurance | |
|---|---|---|
| | **Unqualified** | **With Qualification** |
| | • Disabled Facilities Capital Grant Determination<br>• Interreg Go Trade. | |

| Dept | Service Activity | Fraud risk | Status as at 1/10/2020 |
|------|------------------|------------|------------------------|
| | | | |

| Dept | Service Activity | Fraud risk | Status as at 1/10/2020 |
|------|------------------|------------|------------------------|
| **Managing the Business** | | | |
| **All Aims** | | | |
| Res | IT – Management of Capita contract and system upgrade/s | No | **Deferred, with focus moved onto the re-tendering of the IT contract.** |
| Res | Business continuity | No | **Completed June 2020.** |
| *Implementing Action Plans* | | | |
| SD, MO | Information Governance, General Data Protection Regulation | No | **Completed January 2020.** |
| **Managing Service Delivery Risks** | | | |
| **Aim: Environment** | | | |
| Env | Management and monitoring of Street Cleaning and Ground Maintenance contract with Pinnacle | No | **Completed September 2020.** |
| Env | Management and monitoring of contract with JAD Security | Yes | **Work completed and verbal feedback provided to support the re-letting of the contract.** **Draft report with the Audit Manager.** |
| Env | Collection of income from other paid for services, such as garden and trade waste, pitch hire, community halls and bowling clubs | Yes | **Removed from Audit Plan.** |
| **Aim: Housing and Regeneration** | | | |
| H&C | Housing Management Service Level Agreement with South Essex Homes | Yes | **Work completed. Draft report with the Audit Manager.** |
| Env | Private Sector Housing | | **Work in progress. Work put on hold due to Environmental Health's response to the Covid-19 pandemic.** |

| Dept | Service Activity | Fraud risk | Status as at 1/10/2020 |
|------|------------------|------------|------------------------|
| *Implementing Action Plans* | | | |
| SD, MO | Building control | Yes | **Deferred pending further updates to arrangements in Building Control.** |
| SD, MO | Development control | No | **Completed September 2020.** |
| All | IDOX system governance and change management | Yes | **Work completed. Draft report with the service manager.** |
| H&C | Licensing | Yes | **Work in progress.** |
| | | | |
| **Aim: A Commercial and Democratically Accountable Council** | | | |
| | | | |
| No specific audit work planned, although a number of the audits planned do contribute towards assurance over this aim. | | | |
| | | | |
| **Aim: Health and Community Safety** | | | |
| SD, MO | Safeguarding arrangements for adults and children | No | **Deferred due to impact of Covid-19. Terms of reference now with the service.** |
| **Key Financial Systems** | | | |
| | | | |
| **All Aims** | | | |
| | | | |
| All | Accounts receivable | Yes | **Completed December 2019.** |
| All | Accounts payable | Yes | **Completed December 2019.** |
| SD, MO | Payroll | Yes | **Completed September 2020.** |

| Dept | Service Activity | Fraud risk | Status as at 1/10/2020 |
|------|------------------|------------|------------------------|
| **Grant Claims** | | | |
| | | | |
| Env | Disabled facilities capital grant determination | Yes | **Completed September 2019.** |
| SD, MO | Interreg Go Trade grant | Yes | **Certification round 5 submitted March 2020.**<br><br>**Certification round 6 submitted September 2020.** |
| | | | |
| **Advice and Support Work** | | | |
| | | | |
| Res | Paddocks community hall | No | **Watching brief being maintained as Council develops plans.** |
| H&C | HRA new property build projects | Yes | **Phase 3 completed June 2020.**<br><br>**Phase 4 draft report being prepared.** |
| | | | |
| **Managing Delivery of the Audit Plan** | | | |
| | | | |
| | Audit Planning and Resourcing | | |
| | Managing Audit Plan Delivery | | |
| | Reporting to Executive Management Team and Audit Committee | | |

| Audit Activities | Resource allocation |
|---|---|
| | |
| Managing the Business | 15% |
| Managing Service Delivery Risks | 50% |
| Key Financial Systems | 12% |
| Grant Claims | 5% |
| Advice and Support | 4% |
| Managing Delivery of the Audit Plan | 14% |
| **Total** | **100%** |
| | |
| **Total Council Audit Plan Days** | **274** |
| | |

The days required to revisit and retest action plans from previous reports are included under each heading.

| Analysis Over Departments | | |
|---|---|---|
| Env | Environmental | 17% |
| H&C | Housing | 26% |
| Res | Resources | 29% |
| SD, MO | Strategic Director, Monitoring Officer | 11% |
| All | Cross cutting | 3% |
| All | Managing Delivery of the Audit Plan | 14% |
| | **Total** | **100%** |

| | |
|---|---|
| | |
| **Risk Watch List** ||
| | |
| Res | Renewal of Capita Contract |
| Env | Estate Management |
| H&C | Strategic Planning / Housing Strategy / Local Plan |
| H&C | Review of Northgate System |
| H&C | Governance arrangements for Grant and State Aid Funding |
| H&C | Case Management System |
| SD, MO | Thames Estuary 2100 Plan |
| SD, MO | Canvey Island Seafront |
| SD, MO | Hadleigh Town Centre Gateway Site |
| Res | Health and Safety of Employees, Agency Staff  and Contractors |
| H&C | Restructuring of services following the introduction of Universal Credit |
| Res | Essex Procurement Hub |
| H&C | Private Sector Housing |
| All | Working with Community Groups and Partners |

These are other potential audits that may be considered for inclusion in the Audit Plan during the year should resources permit.

## Appendix C: Stakeholder Surveys, Compliance with Professional Standards

**Setting up and planning the audit (PSIAS 1200 / 2200)**

| | | |
|---|---|---|
| 1 | Did we show a good level of knowledge and understanding of your service when discussing the potential scope and objective to be covered by the audit before fieldwork took place? | 67% |

**Performing the audit (PSIAS 2300)**

| | | |
|---|---|---|
| 2 | Did we work effectively with you when doing the audit to minimise the impact on your service? | 100% |
| 3 | Were we able to talk knowledgeably with you about information provided to us and queries we had during the audit? | 100% |

**Communicating results (PSIAS 2400) and Improving governance, risk management and control processes (PSIAS 2100)**

| | | |
|---|---|---|
| 4 | Did we keep you informed of the progress of the audit and issues arising from the work in timely manner? | 83% |
| 5 | Did we effectively explain to you where we felt action was required to improve your arrangements and why? | 83% |
| 6 | Was the report fair and reflective of the work done by audit and the issues found as discussed with you? | 83% |

**Independence and Objectivity (PSIAS 1100)**

| | | |
|---|---|---|
| 7 | Did we provide relevant evidence to back up our findings if required? | 50% |
| 8 | At the end of the audit, did you understand the rationale for the overall opinion given? | 100% |

**Managing the Internal Audit Activity (PSIAS 2000)**

| | | |
|---|---|---|
| 9 | Do you think internal audit adds value to the Council? | 100% |

| Ref | Standard | Generally Conforms | Partial Conforms | Does Not Conforms | N/A |
|---|---|---|---|---|---|
| **Ref** | **Definition of Internal Auditing** | | | | |
| **Ref** | **Code of Ethics** | ✔ | | | |
| 1 | Integrity | ✔ | | | |
| 2 | Objectivity | ✔ | | | |
| 3 | Confidentiality | ✔ | | | |
| 4 | Competence | ✔ | | | |
| **Ref** | **Attribute Standards** | | | | |
| 1000 | **Purpose, Authority and Responsibility** | | ✔ | | |
| 1010 | Recognising Mandatory Guidance in the Internal Audit Charter | | ✔ | | |
| 1100 | **Independence and Objectivity** | ✔ | | | |
| 1110 | Organisational Independence | | ✔ | | |
| 1111 | Direct Interaction with the Board | | ✔ | | |
| 1112 | Head of Internal Audit Roles Beyond Internal Auditing | ✔ | | | |
| 1120 | Individual Objectivity | ✔ | | | |
| 1130 | Impairments to Independence or Objectivity | ✔ | | | |
| 1200 | **Proficiency and Due Professional Care** | ✔ | | | |
| 1210 | Proficiency | ✔ | | | |
| 1220 | Due Professional Care | ✔ | | | |
| 1230 | Continuing Professional Development | ✔ | | | |
| 1300 | **Quality Assurance and Improvement Programme** | ✔ | | | |
| 1310 | Requirements of the Quality Assurance and Improvement Programme | ✔ | | | |
| 1311 | Internal Assessments | ✔ | | | |
| 1312 | External Assessments | ✔ | | | |

| Ref | Standard | Generally Conforms | Partial Conforms | Does Not Conforms | N/A |
|---|---|---|---|---|---|
| 1320 | Reporting on the Quality Assurance and Improvement Programme | ✔ | | | |
| 1321 | Use of Conforms with the International Standards for the Professional Practice of Internal Auditing | ✔ | | | |
| 1322 | Disclosure of Non-conformance | ✔ | | | |
| **Ref** | **Performance Standards** | | | | |
| **2000** | **Managing the Internal Audit Activity** | ✔ | | | |
| 2010 | Planning | ✔ | | | |
| 2020 | Communication and Approval | ✔ | | | |
| 2030 | Resource Management | ✔ | | | |
| 2040 | Policies and Procedures | ✔ | | | |
| 2050 | Coordination and Reliance | | ✔ | | |
| 2060 | Reporting to Senior Management and the Audit Committee | ✔ | | | |
| 2070 | External Service Provider and Organisational Responsibility for Internal Audit | | ✔ | | |
| **2100** | **Nature of Work** | ✔ | | | |
| 2110 | Governance | ✔ | | | |
| 2120 | Risk Management | ✔ | | | |
| 2130 | Control | ✔ | | | |
| **2200** | **Engagement Planning** | ✔ | | | |
| 2201 | Planning Considerations | ✔ | | | |
| 2210 | Engagement Objectives | ✔ | | | |
| 2220 | Engagement Scope | ✔ | | | |
| 2230 | Engagement Resource Allocation | ✔ | | | |
| 2240 | Engagement Work Programme | ✔ | | | |

| Ref | Standard | Generally Conforms | Partial Conforms | Does Not Conforms | N/A |
|---|---|---|---|---|---|
| **2300** | **Performing the Engagement** | | ✓ | | |
| 2310 | Identifying Information | | ✓ | | |
| 2320 | Analysis and Evaluation | ✓ | | | |
| 2330 | Documenting Information | ✓ | | | |
| 2340 | Engagement Supervision | ✓ | | | |
| **2400** | **Communicating Results** | ✓ | | | |
| 2410 | Criteria for Communicating | ✓ | | | |
| 2420 | Quality of Communications | | ✓ | | |
| 2421 | Errors and Omissions | ✓ | | | |
| 2430 | Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing' | | | | ✓ |
| 2431 | Engagement Disclosure of Non-conformance | | ✓ | | |
| 2440 | Disseminating Results | ✓ | | | |
| 2450 | Overall Opinions | ✓ | | | |
| **2500** | **Monitoring Progress** | ✓ | | | |
| **2600** | **Resolution of Senior Management s Acceptance of Risks** | ✓ | | | |
| | | | | | |
| | **TOTAL OUT OF 64** | **53** | **10** | **0** | **1** |

**Appendix C: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 2nd October 2020**

| Action required | Current status | Date |
|---|---|---|
| **Attribute Standards** | | |
| **1100 Independence and Objectivity** | | |
| *1111 Direct Interaction with the Board* | | |
| Re-establish annual Audit Committee performance assessments in line with good practice. | New good practice guidance was published in May 2018.<br><br>Good practice workshops were undertaken in September 2018.<br><br>At some point, an assessment of compliance with it should be produced. This can then be considered as part of a wider review of the Council's governance and assurance framework. | HoIA, Ongoing |
| **1200 Proficiency and Due Professional Care** | | |
| *1230 Continuing Professional Development* | | |
| Continue with the recruitment programme for professional audit staff during 2017/18. | During 2019/20 both an Auditor and Senior Auditor were recruited, but work to integrate them into the in-house team was unsuccessful and they have both since departed.<br><br>The Salaries of the remaining vacant posts are currently being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.<br><br>The expected requirements of the internal audit service into the future continue to evolve and the impact of Covid-19 is causing further deliberations to take place both at an industry and local level. This continues to be monitored and assessed. | HoIA, Ongoing |

| Action required | Current status | Date |
|---|---|---|
| Create and then recruit to the Business Support function that will support both the Internal Audit and Counter Fraud & Investigation Directorate. | During 2019/20 the shared service with Thurrock Council for the delivery of the CFIT ended and the Southend service was brought back in-house.<br><br>The capacity of the Business Support team to deliver the amended workload will continue to be monitored. | Completed March 2019 |
| **1300 Quality Assurance and Improvement Programme** | | |
| Re-introduce cold file reviews when more fully staffed and include a sample of contractor files. | This action has been re-assessed and deemed not to be necessary at the current time due to:<br><br>- files for inhouse audits being subject to detailed review at the time of the audit, ahead of findings being finalised<br>- contractor work being subject to suitable challenge and scrutiny by both AM and HOIA ahead of reporting to the business. | No longer being pursued at the current time |
| *1311 Internal Assessments* | | |
| Reinstate a full set off performance indicators once the team is more fully resourced with in-house staff. | This was built into the Audit Strategy presented to Audit Committee in October 2020. Compliance continues to be monitored and reported to Audit Committee on a regular basis. | Implemented |

**Appendix C: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 2nd October 2020**

| Action required | Current status | Date |
|---|---|---|
| **Performance Standards** | | |
| **2000 Managing the Internal Audit Activity** | | |
| *2010 Planning* | | |
| Summarise the activities considered significant enough to warrant periodic, independent challenge by internal audit.<br><br>Present the list periodically to senior management and the Audit Committee as part of the audit planning process. | This was part of the papers drawn up to support the 2020/21 Audit Plan. | Implemented |
| Consider how to split out time allocated to a review on:<br><br>• pure audit work<br><br>• advice and support. | The time recording system has been amended to capture advice and support given throughout audits. | Implemented |
| *2040 Policies and Procedures* | | |
| Refresh the Audit Manual and supporting forms to reflect:<br><br>• updates in the Standards<br><br>• current working practices<br><br>• any issues arising from the independent external assessment. | Some of this work is still in progress. It will take longer than anticipated to complete due to the changes in the senior management team.<br><br>Work is also needed to update the Audit Manual to ensure the audit approach is compliant with the General Data Protection Regulations (GDPR) and reflects the actual procedures now followed by the team. | AMs, Ongoing |
| *2050 Co-ordination and Reliance* | | |
| At all clients, further develop the "other assurance" element of the audit risk assessments particularly with regard to corporate business management processes, as part of the 2018/19 audit planning round. | This work is now established as part of the Audit Planning process. This has also been developed throughout the year as audit work is completed. | Implemented |

| Action required | Current status | Date |
|---|---|---|
| Request that the Good Governance Group (GGG): <br><br> • makes this a work stream using all the intelligence it currently has <br><br> • reconsiders the practicalities of building "assurance" into the risk management process as part of the update of the framework currently being undertaken. | Work with the GGG to integrate all its intelligence into the audit risk assessment. | HoIA, Ongoing |

## 2100 Nature of Work

### *2110 Governance*

| | | |
|---|---|---|
| Assess whether an ethical governance audit should be included in 2018/19 Audit Plan. | Review the need for the Council to undertake a piece of work to set out the Council's ethical governance framework. <br><br> This was considered as part of the audit planning for 2020/21, and will remain on the issues to be considered for inclusion at each planning assessment. <br><br> It was decided not to include such a review until this document is in place. | HoIA, Ongoing |

## 2200 Engagement Planning

### *2210 Engagement Objectives*

| | | |
|---|---|---|
| Make sure that the audit approach makes the links to performance management as part of the planning process. | The audit planning form requires auditors to consider what criteria or measures of success management have established to determine whether the activity's objectives are being achieved. <br><br> Focus is being given to assess the effectiveness and appropriateness of these measures in future audits. | Implemented |

**Appendix C: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 2ⁿᵈ October 2020**

| Action required | Current status | Date |
|---|---|---|
| **2300 Performing the Engagement** | | |
| *2330 Documenting Information* | | |
| Set up a project to check all files and destroy whatever is necessary to comply with the Retention Policy. | Document disposal and retention review has been completed on all historic client files. From 2019/20 all files have been checked during the audit closedown process to ensure compliance.<br><br>A refreshed HR Retention Schedule has been published and work is currently focused on disposing of personnel related Personal Data held in electronic personnel files.<br><br>A Disposal and Retention Log is in use. | Implemented |
| **2400 Communicating Results** | | |
| *2410 Criteria for Communicating* | | |
| Include an instruction in the operational protocol that meetings should always be held to:<br><br>• feedback findings at the conclusion of fieldwork<br>• discuss the draft report. | Operational protocol documents for in house staff (Audit Management Checklist) and the "Ways of Working" document with contractors are clear about discussing draft reports with clients.<br><br>Both documents need to be amended to clarify expectations that:<br><br>• findings will be fed back during the audit, so there are no surprises<br>• all auditors will have a final feedback meeting on conclusion of the fieldwork. | Implemented |
| Reassess the reporting templates as part of updating the Audit Manual, to see how underlying issues with the Council's governance arrangements could be highlighted. | This is still work in progress. | AMs, Ongoing |

# Appendix C: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 2nd October 2020

| Action required | Current status | Date |
|---|---|---|
| **2420 Quality of Communications** | | |
| Build triggers into the Audit Manual that remind staff to keep clients informed of when reports can be expected and if there are delays in producing them. | Work has been undertaken to:<br><br>• amend the Planning, Fieldwork and Reporting sections of the Audit Management Checklist for in house staff<br><br>• add this to the "Ways of Working" document with contractors.<br><br>*(Also see Standard 2030 About Resource Management regarding monitoring delivery of work which also contributes to this action).* | Implemented |
| Reinstate target for issuing draft reports once the team is more fully resourced. | A tracking system has been implemented and this target will be reported on for audits undertaken in 2020/21 onwards. | Implemented |
| Complete the project on upgrading / refreshing how we use APACE, our time recording / performance management data base. | Current time recording system has been reviewed and is considered adequate. | Implemented |
| Use APACE effectively to timetable the delivery of audits and monitor progress against both budgets and timelines. | APACE, in conjunction with the Internal Audit Resource Schedule, is now being used to:<br><br>• allocate, phase and cost audits<br><br>• allow the Business Support Team to monitor the delivery of audits against both the Audit Plan and the financial profile.<br><br>Reports on job budget monitoring are being provided to the Audit Managers on a weekly basis.<br><br>Opportunities to do this more effectively are being considered in the project noted above. | Implemented |

# Appendix C: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 2<sup>nd</sup> October 2020

| Action required | Current status | Date |
|---|---|---|
| Include a requirement in the Audit Manual about:<br><br>• issuing the guidance to and discussing it with clients within the draft terms of reference<br><br>• attaching it as an appendix to the report. | This is now being included in the report as part of the opinion section. | Implemented |
| **2431 Engagement Disclosure of Non-Conformance** | | |
| Consider updating the Audit Manual with a small section covering this particular situation and referencing PS2431. | This is still work in progress.  It will take longer than anticipated to complete due to the changes in the senior management team.<br><br>In addition, a prompt will be included in the reporting template to ensure any incidents of non-conformance have been considered and managed in line with audit manual guidance. | AMs, Ongoing |
| **2500 Monitoring Progress** | | |
| Introduce the process for management to provide the Audit Committee with this assurance for reports with high and satisfactory audit opinions. | The Business Support Officer and Auditor are currently working on this project with Council officers that operate the Pentana system to identify an automatic reporting process from Pentana. | BSM and Auditor, Ongoing |
| Finalise the arrangements for reporting to Audit Committee on management sign off of action plans for audit reports with high or satisfactory opinions. | The Business Support Officer and Auditor are currently working on this project with Council officers that operate the Pentana system to identify an automatic reporting process from Pentana. | BSM and Auditor, Ongoing |
| Design the content and format of a report to go to Audit Committee, for each client that shows the progress made by services in addressing agreed actions, for each live audit report. | The Business Support Officer and Auditor are currently working on this project with Council officers that operate the Pentana system to identify an automatic reporting process from Pentana. | BSM and Auditor, Ongoing |

**Appendix C: Compliance with UK Public Sector Internal Audit Standards Action Plan (CPBC version) as at 2ⁿᵈ October 2020**

| Action required | Current status | Date |
| --- | --- | --- |

Key:

- HoIA, Head of Internal Audit
- AM, Audit Manager
- BSM, Business Support Manager