



RUTLAND COUNTY COUNCIL

INTERNAL AUDIT UPDATE

APRIL 2021

Introduction

- 1.1 Internal audit has been commissioned to provide 360 audit days to deliver the 2020/21 annual audit plan and undertake other work commissioned by the client.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit and Risk Committee to scrutinise the performance of the internal audit team and – of equal significance – to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the committee with the information, on progress in delivering planned work and on performance of the Internal Audit service, which it requires to engage in effective scrutiny.

Performance

2.1 Will the Internal Audit Plan for 2020/21 be delivered?

Internal Audit is set to deliver all of the agreed assignments from the Audit Plan in line with timeframes for the annual report.

Some of the assignments in the original audit plan have not been able to commence due to officer availability and/or awaiting further developments. Internal Audit has also sought to be flexible in the delivery of audit work so as to minimise pressure on officer time during key stages of the pandemic – this has resulted in some audit assignments being delivered later than initially scheduled but the assignments will be concluded at the earliest opportunity.

2.2 Are audits being delivered to budget?

Internal Audit is on target to deliver the Audit Plan within the 360 days budget. Any overruns on individual assignments are managed within the overall budget.

2.3 Is the Internal Audit team achieving the expected level of productivity?

The most recent information available (week 52) shows that the Internal Audit team are spending 93% of time on chargeable activities against a target of 90%.

2.4 Are clients satisfied with the quality of the Internal Audit assignments?

Customer satisfaction questionnaires are issued on completion of audits. Scores given by audit clients during the year to date are shown in Appendix D.

2.5 Based upon recent Internal Audit work, are there any emerging issues that impact on the Internal Audit opinion of the Council's Control Framework?

Since the last committee meeting, reports on **Contract Procedure Rules compliance** and **Budgetary Control in the Places directorate** have been finalised and no significant areas of weakness have been identified which would impact upon the Internal Audit opinion. A number of grant certifications have also been completed during this period. The status of each planned assignment is provided in Table 1.

Other work

The Head of Internal Audit has concluded work on an external whistleblowing referral. The allegations did not relate to a Council department or employee and assurances have been sought via partners.

Additional work has included assurance over the existence of procedures to support working practices in times of staff changes or unforeseen issues. This work is progressing well, with procedural coverage in a number of key departments confirmed and the findings to date have been discussed at Senior Management Team. The approach taken to date has been as follows:

- Try and identify the key areas of business where lack of procedures might cause the most risk/issues;
- Refer to the risk register as this will highlight key risk areas; and
- Use Internal Audit's cumulative audit knowledge to document what procedures should be in place, based on previous audit work.

Internal Audit have compiled a summary of the key risks, supporting processes and whether evidence of procedural documentation (in various forms) has been seen as part of audit testing in recent years. The gaps in this framework are being filled through contact with key officers to confirm procedural coverage in place. It should be noted that the quality and content of the procedures are not being subject to audit or compliance testing – assurance is, rather, being sought that a form of procedural documentation exists. The conclusion of this work will be shared with the Committee at the next meeting.

2.6 Are clients progressing audit recommendations with appropriate urgency?

Outstanding audit recommendations form part of the Quarterly Performance Report considered by Cabinet. Since the last Committee meeting, 2 actions arising from audit reports have been implemented.

At the date of reporting, there are 11 open audit actions which are overdue for implementation. Of these, 5 actions were due for implementation over three months ago and were categorised as 'High' or 'Medium' priority. See Appendix C for further details.

Table 1: Progressing the annual audit plan

KEY

Current status of assignments is shown by 

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Key Corporate Controls and Policies												
Debtors	15	14					●					
Main accounting	13	12					●					
Benefits	15	10			●							
Contract Procedure Rules Compliance	10	10						●	Good ●	Satisfactory ●	Minor ●	
Debt recovery	15	13					●					
Review of procedural coverage	-	11							No assurance opinion			
Corporate Governance and Counter Fraud												
Fraud Risk Register	15	10			●							

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Corporate Objective: Sustainable growth												
Highways contract management – follow up	12	12						●	No opinion given – feedback shared at February 2021 committee meeting.			
S106/CIL Monitoring (consultancy)	15	15						●	Consultancy review			
Corporate Objective: Safeguarding and Health and Wellbeing												
Schools thematic audit	12	5							Support given in delivering training on risk assessments in schools/early years			
Direct payments	15	15						●	●	●	●	
Corporate Objective: Sound financial and workforce planning												
Budgetary control in Places Directorate	15	14						●	●	●	●	
Asset management	12	1							Postponed			Fieldwork postponed to 2021/22
Corporate Objective: Reaching our potential												
Project Management – Uppingham Community College SEND provision	15	15						●	●	●	●	

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Other Assurances												
Grant Claims	16	16						●	N/A – certification			
TOTAL AGREED AUDIT COVERAGE	179	155										
Covid-19 spend reviews	15	23						●	Ongoing assurances			
Covid-19 governance reviews	10	9						●	Ongoing assurances			
Counter fraud support	12	12							Pro-active support / guidance			
Contingency	58	16							Support on procedure review and whistleblowing referrals			
Client Support (Committee support, training, client liaison, advice/assistance, follow ups)	35	26										
Internal Audit Management & Development	35	30										
TOTAL	360	289										

Notes

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial ●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended and no, or only minor, errors have been detected.
Good ●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory ●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited ●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No ●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact		Definition
Level		
Major		The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate		The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor		The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Category of Recommendations

The Auditor prioritises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

Priority		Impact & Timescale
High		Action is imperative to ensure that the objectives for the area under review are met.
Medium		Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Low		Action recommended to enhance control or improve operational efficiency.