

# Eastern Internal Audit Services



**Breckland District Council**

**Progress Report on Internal Audit Activity**

**Period Covered: 1 April 2020 to 22 September 2020**

**Responsible Officer: Faye Haywood –Internal Audit Manager for Breckland District Council**

## **CONTENTS**

<i>1. INTRODUCTION .....</i>	<i>2</i>
<i>2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN .....</i>	<i>2</i>
<i>3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK .....</i>	<i>2</i>
<i>4. THE OUTCOMES ARISING FROM OUR WORK .....</i>	<i>2</i>
<i>5. PERFORMANCE MEASURES.....</i>	<i>4</i>
<i>APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK.....</i>	<i>6</i>
<i>APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES.....</i>	<i>8</i>

## 1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
  - Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - Any significant outcomes arising from those audits; and
  - Performance Indicator outcomes to date.

## 2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 17 March 2020, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since our last report to the Committee in March 2020 the plan has been revised considerably to ensure we are response to the impact that the Coronavirus Pandemic has had on the Council. The revised plan for 2020/21 has been provided to the Committee for information.

## 3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** and shows the 2020/21 Internal Audit Plan is on track for delivery.
- 3.2 In summary 2 days of programmed work has been completed by TIAA Ltd, totalling 2% of the revised Audit Plan.

## 4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

**Substantial Assurance:** Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

**Reasonable Assurance:** Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

**Limited Assurance:** Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

**No Assurance:** Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage

risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

**Urgent (priority one):** Fundamental control issue on which action to implement should be taken within 1 month.

**Important (priority two):** Control issue on which action to implement should be taken within 3 months.

**Needs attention (priority three):** Control issue on which action to implement should be taken within 6 months.

4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report Eastern Internal Audit Services has issued 0 final reports.

Audit	Assurance	P1	P2	P3

The Executive Summary of these reports are attached at **Appendix 2**, full copies of these reports can be requested by Members.

4.5 As can be seen in the table above as a result of these audits 0 recommendations have been raised and agreed by management.

4.6 In addition, 0 Operational Effectiveness Matters have been proposed to management for consideration.

**5. PERFORMANCE MEASURES**

5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA will be reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.

5.2 There are individual requirements for performance in relation to each measure; however, performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Internal Audit Consortium Manager to ensure that appropriate action is taken.

- 5.3 The second quarters work has been completed and a report on the performance measures provided to the Head of Internal Audit, performance is currently at green status with targets having been satisfactorily met for this quarter.
- 5.4 In addition to these quarterly reports from the Contractors Audit Director, ongoing weekly updates are provided to ensure that delivery of the audit plan for the current financial year is on track. A review of the most recent update indicates that the revised 2020/21 Internal Audit plan has been completed and in line with expectations.

## APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							P1 Urgent	P2 Important	P3 Needs Attention	Op		
<b>Quarter 1</b>												
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>								
<b>Quarter 2</b>												
Assurance Mapping	BRK2101	8	8	2	In progress							
<b>TOTAL</b>		<b>8</b>	<b>8</b>	<b>2</b>								
<b>Quarter 3</b>												
Corporate Governance	BRK2102	4	4	0	Scheduled							
Procurement Contract Management	BRK2103	10	10	0	Scheduled							
<b>TOTAL</b>		<b>14</b>	<b>14</b>	<b>0</b>								
<b>Quarter 4</b>												
Key Controls and Assurance	BRK2104	15	15	0								
Coronavirus Response and Recovery	BRK2105	15	15	0								
Housing Needs Allocations, homelessness and housing options	BRK2106	10	10	0								

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							P1 Urgent	P2 Important	P3 Needs Attention	Op		
Safeguarding	BRK2107	5	5	0								
<b>TOTAL</b>		<b>45</b>	<b>45</b>	<b>0</b>								
<b>IT Audits</b>												
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>								
<b>Follow Up</b>												
Follow Up	NA	5	5									
<b>TOTAL</b>		<b>5</b>	<b>5</b>	<b>0</b>								
<b>TOTAL</b>		<b>72</b>	<b>72</b>	<b>2</b>			0	0	0	0		
<b>Percentage of plan completed</b>				<b>3%</b>								
<b>Audit delivered by West Suffolk Internal Audit Services</b>												
<b>ARP Audits</b>		35	35	35								
Council Tax												
National Non-Domestic Rates												
Benefits												
Overpayments												

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							P1 Urgent	P2 Important	P3 Needs Attention	Op		
ARP Enforcement												
		35	35									
						Total						
				0%								
<b>OVERALL TOTAL</b>		<b>107</b>	<b>107</b>	<b>2</b>								
				2%								

**APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES**