

Eastern Internal Audit Services



Breckland District Council

Progress Report on Internal Audit Activity

Period Covered: 15 June 2021 to 17 September 2021

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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 No significant changes have been made to the plan since its approval on 24th June 2021.

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**.
- 3.2 In summary 15 days of programmed work has been completed by Internal Audit providers Tiaa and ARP Auditors, totalling 8% 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, no final Internal Audit reports have been issued. Quarter two work is being progressed and it is expected that the position statement on Private Sector Housing and DFG work will be at draft stage by the quarter two deadline of 14 October 2021.

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 Progress delays continue to be closely observed and regular meetings are held with the contractor to ensure that assigned work is completed in line with expectations and agreed timeframes. Achievement of performance measures will be reviewed following receipt of the first performance report, due 15 working days after the end of quarter 2.

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		
Quarter 2												
Private Sector Housing includes DFGs, empty properties & enforcement, HMO licensing & standards	BRK2210	12	12	6	APM issued on 5 August 2021. Review split into position statement and follow up Q4. Position statement report due 30/09/2021							
TOTAL		12	12	6								
Quarter 3												
Annual Governance Statement	BRK2201	8	8	1	APM issued 1 September 2021							
Accountancy Services	BRK2204	12	12	0								
Income	BRK2205	8	8	0								
HR and Payroll	BRK2206	12	12	0								
COVID-19 Business Grants	BRK2207	8	8	0								
Legal Services	BRK2208	10	10	0								
Contact Centre	BRK2209	10	10	0								
TOTAL		68	68	1								
Quarter 4												
Performance Management, Corporate Policy and Business Planning	BRK2202	10	10	0								
Key Controls and Assurance	BRK2203	10	10	0								
Licensing	BRK2211	10	10	0								
Environmental Services - Waste Management	BRK2212	10	10	0								
Office 365 Email and Calendar Management	BRK2213	8	8	0								
Digital Strategy	BRK2214	10	10	0								
TOTAL		58	58	0								
Follow Up												
Follow Up	N/A	10	10	5								
TOTAL		10	10	5								
TOTAL		148	148	12		Total	0	0	0	0		
Percentage of plan completed				8%								
Audit delivered by ARP												
ARP Audits												
Council Tax and Overpayments				1	Terms of reference reviewed							
National Non-Domestic Rates				1	Terms of reference reviewed							
Housing Benefits				1	Terms of reference reviewed							
ARP Enforcement												
TOTAL		35	35	3		Total	0	0	0	0		
				9%								
OVERALL TOTAL		183	183	15								
				8%								