

Chief Internal Auditor assurance - Moderate opinion

The role of the Council's Internal Audit service is to enhance and protect organisational value by providing independent assurance, advice and insight into the Council's risk management, governance, and internal control processes. This document provides a summary of Internal Audit work during 2020/21 and, as required by the Accounts and Audit Regulations 2015, gives an overall opinion of the Council's control environment. The work undertaken has enabled me to give a moderate opinion regarding the internal controls of the Council.

The Internal Audit plan, approved by Audit and Governance Committee 13 March 2020, provided key themes to be audited but enabled flexibility which proved invaluable as the full impact of the Covid19 pandemic emerged over the course of the year. We were able to respond to emerging events as staff were moved to home working, governance and risk arrangements were changed and closer partnership working with health, district councils and central government were required. We worked closely with services to provide advisory and assurance reports and grant certifications relating to the Covid19 ongoing response, provided baseline assurance reports for areas with known weaknesses and successfully implemented a programme of remote auditing for schools.

No audit staff were redeployed as part of the Council's emergency response arrangements and, although we did have staff changes during the year, we managed these through recruitment and agency staff cover. As Chief Internal Auditor I met regularly with the Chief Finance Officer, Chief Executive and Leader of the Council and discussed the adequacy of resource and any required resolution. Progress against the audit plan, required changes, and resources updates were also reported to the Audit and Governance Committee.

The work of the Internal Audit service has identified that, whilst the Council's underlying controls are generally sound, there are some expected controls which are not in place or may not be operating effectively, thereby increasing the risk that the Council's objectives may not be achieved. The Council has shown that it can be flexible and respond quickly to emerging risks, however the changes experienced during the year in terms of ways of working and returning insourced services have resulted in some declining service levels. It is important to note that by the end of the year services which saw limited assurance have made good progress in meeting their agreed improvement programmes.

Internal audit work 2020/21

There were 31 audit themes (including controls assurance framework developments) and 12 grant certifications on the plan for 2020/21; 26 assurance audits, 3 advisory reports and 13 grant certifications were completed. Full details are provided in Appendix 2.

Activity has been amended for the following reasons:

- Covid19 pandemic response impact

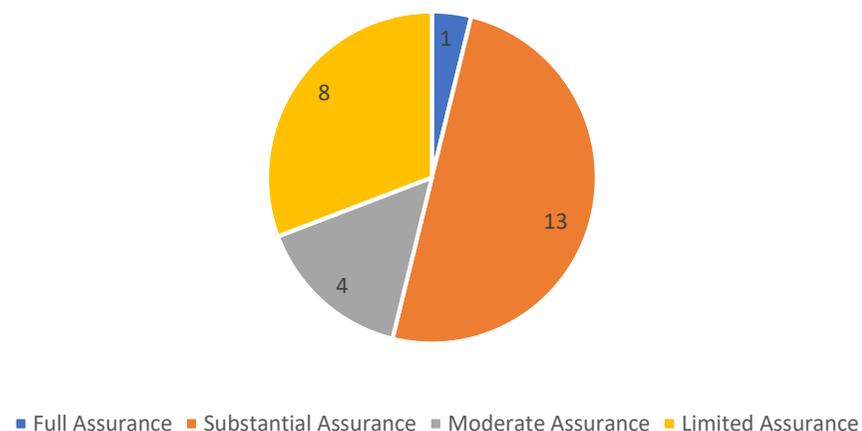
- Operational request
- Deferred to 2021/22
- Activity replaced by another audit activity
- Special investigation
- Fraud follow up

We use 4 assurance levels for compliance and assurance audits:

Full assurance	The system of internal control meets the Council's objectives. All the expected system controls tested are in place and are operating effectively. Future audits will be undertaken in line with standard planning
Substantial assurance	There is a generally sound system of internal control in place designed to meet the Council's objectives. Weaknesses in the design of controls or inconsistent application of controls in a small number or low risk areas put the achievement of a limited number of system objectives at risk. The resulting risk is not significant. Future audits will be undertaken in line with standard planning.
Moderate assurance	The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively, increasing the risk that the system does not meet the Council's objectives. The resulting risk may be significant. An improvement review audit will be undertaken within 3 years.
Limited assurance	Weaknesses in the design and / or inconsistent application of controls puts the achievement of the Council's objectives at risk in many of the areas reviewed. The resulting risk is significant. An improvement review audit will be undertaken within 12 – 18 months.

The completed assurance audits have the following assurance levels:

Assurance audit ratings



When considering the impact of the number of audits at each assurance level, it is important to be mindful of the relative organisational impact. A limited assurance assessment for an individual establishment is likely to be less significant than an equivalent assessment for a whole Council policy or process.

Findings and actions from all audits are reviewed and monitored to ensure that key messages are made available the Council. These could be areas of good practice or control weaknesses. These key messages are reported to the Strategic Leadership Team on a quarterly basis.

Other sources of assurance

Some Council services are provided by partner agencies and we rely on assurance from these organisations' audit services. These are:

- Place Partnership – no audit reports have been provided. The service has been brought back into the Council for 2021/22 and we will evaluate controls as part of the 2021/22 programme.
- Liberata – substantial assurance for Payroll and reasonable assurance for Accounts Receivable and Accounts Payable. The Accounts Receivable and Accounts Payable functions have been brought back into the Council and we will evaluate controls as part of the 2021/22 programme.

Audit actions update	Work has continued all year to work with managers to complete audit actions within a reasonable timescale, but this has been impacted by the organisational response to the Covid19 pandemic. We are prioritising a full review of all actions in quarter 1 of 2021/22 and will report the outcome to Committee.
Anti-fraud and corruption	<p>During 2020/21 we launched an updated Anti-Fraud and Corruption Strategy. Circumstances resulted in a low-level launch, with updates for key staff alongside communications activities on the Council's OurSpace and Yammer platforms. The Yammer communications in particular have been very successful, with regular postings leading to significant engagement across the Council.</p> <p>Anti-fraud work is undertaken for various reasons, including calls to the anti-fraud hotline from employees or members of the public, requests from operational staff and follow up investigations from audit work. During 2020/21 we received 5 allegations all of which were investigated in line with our standard process, and none of these led to any further action being taken.</p>
Advisory services	<p>Another key activity of the audit team is advising operational teams as requested. We have undertaken 3 advisory pieces of work this year, supporting the following areas:</p> <ul style="list-style-type: none">• HR travel and subsistence• Key contract review• Corporate governance – post Covid phase 1
Grant certifications	Our grant certification work supports the Council in ensuring that money claimed from government agencies is correctly accounted for and we work closely with operational teams to deliver this. We have seen an increase in the number of grants received by the Council as a result of the Covid19 pandemic response by central government and have ensured that all have been certified in accordance with the awarding body's requirements.
PSIAS assurance	All work undertaken by the team complies with PSIAS requirements. We are working to improve our engagement with the standards by implementing Engagement Standards, training and developing the team and improving our audit approach to ensure coverage provides maximum assurance. We have a PSIAS improvement plan in place and will look to be assessed against the Standards in a formal External Quality Assessment during 2021/22.