Report of:	Chief Internal Auditor & Risk Manager
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Report Track:	Audit & Governance Committee: 06/04/21

Audit & Governance Committee
6 April 2021
Internal Audit Progress Report 2020-21

1   Purpose of Report

1.1   To present to the Audit & Governance committee for information a progress report on the work of Internal Audit.

2   Recommendation(s)

2.1   That the Committee notes the progress report.

3   Key Issues and Reasons for Recommendations

Key Issues

3.1   Attached is a progress report showing the audits which have been issued between 1st December 2020 and 31st January 2021

Reasons for Recommendations

3.3   The report has been prepared for Members information.

4   Relationship to Corporate Priorities

4.1   The system of internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities.

5   Report Detail

5.1   This report is a summary of the Internal Audit work between 1st December 2020 and 31st January 2021 and is a report of progress against the revised audit plan.

5.2   The work completed against the revised plan is progressing well and we are on track to complete the majority of the revised plan by the end of the year.

5.3   The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.

5.4   The table below gives a summary of the level of assurance for each of the audits completed in the period. More detailed information on each of the reports issued is contained in Appendix 1.

Number of Audits	Assurance	Definition
2	**Substantial** ✓	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively. No action is required by management.
1	**Partial** ▲	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	**Limited** !	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	**No Assurance** ✖	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.
2	**N/A**	One piece of work was issued where it was not appropriate to issue an Assurance due to the narrow scope of the work – this was in relation to Pension Testing on behalf of Staffordshire County Council.

5.5   Appendix 2 lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.

5.6   Appendix 3 shows the follow-up that was issued in the period. At the time of the follow-up it is pleasing to be able to report that the level of assurance was revised from Partial to Substantial.

6	Implications

6.1   **Financial**

None

6.2   **Legal**

None

6.3   **Human Resources**

None

6.4   **Risk Management**

None

6.5   **Equality & Diversity**

None

6.6   **Climate Change**

None

7	Appendices to the Report

Appendix 1: Audits Completed by 31st January 2021

Appendix 2: Audits in Progress at 31st January 2021

Appendix 3: Follow-ups completed by 31st January 2021

Background Papers

Internal Audit Reports

Audits Completed by 31 January 2021

Summary of Progress

		Actual Audits			
	Planned Audits	**Complete**	**% Of Completed**	**Work In Progress**	**% WIP & Complete**
Audit Plan	21	**10**	**48%**	10	95%
Commentary	Work is progressing well, whilst only 48% of audits have been completed with those in progress at the end of January 2021 we are on track to complete at least 90% of the plan although it is anticipated that the remaining audits will also be completed.			✔	

Details of Audits Completed

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Creditors	Financial Management	Draft	1	**Partial** ▲	New supplier detail forms and requests for changes in supplier details were not retained on all occasions. However, we noted that there was sufficient evidence of the details being independently verified and recorded within the Creditors system, though ultimately, this could lead to changes in details without appropriate backup being retained
Council Tax	Financial Management	Final	0	**Substantial** ✓	

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Payroll	HR★	Final	0	**Substantial** ✓	
Environment & Healthy Lifestyles Major Projects	Environment & Healthy Lifestyles	Final	0	**N/A**	A review was carried out on the New Cemetery Project. No issues of major concern were found in the project at this stage. The level of work carried out was not sufficient to issue an opinion on the overall project.
Pensions Assurance for the County	HR★	Final	0	**N//A**	This is work carried out on behalf of the County in relation to the Pensions return to ensure it is accurate. No major issues were found in the accuracy of the return.

★Services led by Stafford Borough Council as part of Shared Services

Audits in Progress

Audit	Head of Service
Review of Covid Response	Corporate
Local Enterprise Partnership Arrangements / Combined Authority	Economic Development
National Non-Domestic Rates	Financial Management
Housing Benefits	Financial Management
Council Tax Reduction Scheme	Financial Management
Housing Void Management	Housing & Partnerships
Housing Allocations	Housing & Partnerships
Staff Expenses	HR★
Cyber and Network Security	Technology
IT Asset Management	Technology

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Follow-up Completed

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Housing Safety & Compliance	Housing & Partnerships	**Partial** ▲	0	3	0	3	**Partial** ▲	Some work is in progress but there have been delays, partly due to Covid-19, relating to aspects such as completing the asbestos and fire surveys. Progress is hopefully going to be made as additional resources in the form of a dedicated Compliance Officer have been taken on.
Lease Holder Recharges	Housing & Partnerships	**Partial** ▲	0	6	0	6	**Partial** ▲	• Work is still needed to ensure the Leaseholder information on the system is accurate to allow recharges to be calculated form the system. • Work is still required on ensuring consistency for the recharges relating to communal areas. • Procedure notes need to be written up • Once the new Finance System is operational it is anticipated that information to bill Leaseholders can be automatically generated.
Housing Social Alarms Arrangements	Housing & Partnerships	**Partial** ▲	4	0	1	5	**Partial** ▲	Work still needs to be carried out to determine the long-term arrangements and possible re-tendering of the service.

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Housing Rents 2nd Follow Up	Housing & Partnerships	**Partial** ▲	0	0	1	1	**Partial** ▲	The outstanding action relates to the areas process and automating the letters. This work has been put on hold during the Covid-19 Pandemic as there has been more focus on supporting tenants than enforcement and evictions have not been possible during the pandemic.
Information Governance 2nd Follow Up	Governance & Corporate Services	**Partial** ▲	1	0	4	5	**Partial** ▲	Work on the Information Governance Framework has been put on hold during the Covid-19 Pandemic which has delayed the outstanding actions particularly around exploring protective marking for documents and updating the Council's Publications Scheme.
Grounds Maintenance	Environment & Healthy Lifestyles	**Partial** ▲	5	2	0	5	**Substantial** ✓	