


Agenda Item No:	9	
Committee:	Audit and Risk Management	
Date:	19 September 2022	
Report Title:	Internal Audit Plan 2022-23 Progress Report Q1	

1 Purpose / Summary

To report progress against the Internal Audit Plan 2022-23 for the period 01 April 2022 including planned work until 30 June 2022 and the resulting level of assurance. To provide an update to members on the resourcing issues of the internal audit team.

2 Key issues

- The Council's Internal Audit plan is produced on an annual basis. It is an estimate of the work that can be performed over the financial year. Potential areas of the Council for audit are prioritised based on a risk assessment, enabling the use of Internal Audit resources to be targeted at areas of emerging corporate importance and risk.
- The format of the plan reflects the Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2016 and applicable from April 2017. It also incorporates the governance and strategic management arrangements of Internal Audit resources.
- Performance Standard 2060 of the PSIAS requires the Audit Manager to report to the Committee on the internal audit activity and performance relative to this plan.
- Audit and Risk Management Committee approved the Internal Audit Plan 2022-22 on 14th March 2022.
- Members of the Audit and Risk Management Committee are keen to receive proactive performance reporting in relation to progress against the Internal Audit plan on a quarterly basis.
- Proactive quarterly monitoring of the Internal Audit plan will enable the Committee to understand the audit activity which has successfully taken place and the associated assurance level.

3 Recommendations

- For Members of Audit and Risk Management Committee to consider and note the activity and performance of the internal audit function.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Councillor Kim French - Audit and Risk Management Committee Chairman
Report Originator(s)	Kathy Woodward – Internal Audit Manager
Contact Officer(s)	Kathy Woodward - Internal Audit Manager kwoodward@fenland.gov.uk 01354 622230 Peter Catchpole - Corporate Director & CFO pcatchpole@fenland.gov.uk 01354 622201
Background Paper(s)	Annual Risk Based Internal Audit Plan 2021-22 Internal Audit Outturn and Quality Assurance Review 2020-21

1 Background / introduction

- 1.1 This report includes details of the audit activity undertaken for the period 01 April 2022 to 30 June 2022.
- 1.2 The annual internal audit plan is formulated in advance, following an assessment of risks inherent to services and systems of the Council based on internal audit and management knowledge at that time. During the period that follows, changes in the control environment may occur due to, for example: -
- introduction of new legislation/regulations,
 - changes of staff,
 - changes in software,
 - changes in procedures and processes,
 - changes in service demand,

2 Monitoring

- 2.3 On completion of each audit a formal report is issued to the relevant Service Manager and Corporate Director. A copy is also sent to the Corporate Director – Finance (S151 Officer). Each report contains a management action plan, with target dates, that have been agreed with managers to address any observations and recommendations raised by the Internal Auditor. Progress on recommendations is monitored on a quarterly basis.
- 2.4 The following audits have been completed during the first quarter of 2022-23. (Appendix A)
- Trading Operations – Port, Commercial and Marine (21/22)
 - Construction Industry Scheme (21/22)
 - Licensing – Alcohol (21/22)
- 2.5 The following audits are currently ongoing and will be reported to the committee in future progress reports:
- Customer Comments, Compliments and Complaints (3C's) (draft stage)
 - ICT Cyber Security (draft Stage)
 - Housing Options
 - Trading Operations – Partner Leases
 - Income / Debt Management Review
 - Economic Development
 - Development Delivery
 - Public Health Funerals
 - Local Authority Trading Company
 - Travellers Sites – Repair and Maintenance and Rents review
 - Covid-19 Business Grants – Post Payment Assurance

2.6 In the first quarter of the year other work that the internal audit team have been involved to assist with and to provide additional assurance are detailed below:

- Care and Repair Disabled Facilities Grants declarations
- Grant Funding declarations, including Test and Trace schemes and COMF funding
- Fraud Investigation work
- National Fraud Initiative work
- Risk Management Group
- Major Project support and advice
- Follow up reviews on outstanding recommendations

Appendix A: Audits completed

Audit	Overall Opinion	High	Medium	Low	Recommendation Theme
<p>Trading Operations – Port, Commercial and Marine (2021/22)</p> <p>To gain assurance that that the Council has robust procedures and guidance in place with relation to pilotage, wharfage, and administration. That there is appropriate management of income and record keeping and appropriate governance in place, as per legislation.</p>	Adequate	1	-	3	<p>The High-risk recommendation is restated from a previous audit - there is no current formal agreement between FDC and Lincolnshire County Council with regards to the Sutton Bridge Cross Keys Marina.</p> <p>The low-risk recommendations relate to best practice improvements in relation to filing and record keeping</p>
<p>Construction Industry Scheme (CIS) (2021/22)</p> <p>To gain assurance that that the Council has robust procedures and guidance in place demonstrating appropriate procedures for self-employed contractors.</p>	Adequate	1	1	2	<p>The High and medium risk recommendations relate to the implementation and responsibility of IR35 regulations.</p> <p>The low-risk recommendations relate to business continuity and segregation of duties in processing CIS transactions</p>
<p>Licensing – Alcohol (2021/22)</p> <p>To gain assurance that the Council has robust procedures and guidance in place demonstrating appropriate issuance of both Premises and Personal Licences – Alcohol. That legislation is followed accordingly, and that income is collected promptly and accounted for.</p>	Substantial	-	1	-	<p>The recommendation relates to the renewals process for Premises Licences.</p>

3C's Process (Draft)					<i>Report expected to be issued imminently – likely result ADEQUATE</i>
ICT Cyber Security (Draft)		-			<i>Report expected to be issued imminently – likely result SUBSTANTIAL</i>

An assurance rating is applied, when a system or process is reviewed, which reflects the effectiveness of the control environment.

The text below is an indication of the different assurance ratings used:

Assurance	Description
Full	There is a sound system of control designed to proactively manage risks to objectives.
Substantial	There is a sound system of control, with further opportunity to improve controls which mitigate minor risks.
Adequate	There is a sound system of control, with further opportunity to improve controls which mitigate moderate risks.
Limited	There are risks without effective controls, which put the objectives at risk.
None	There are significant risks without effective controls, which put the objectives at risk. Fraud and/or error are likely to exist.

Appendix B – Recommendation progress 2020/21 - 2022/23

Total Recommendations 2020/21				
	High	Medium	Low	Total
Total Recommendations	3	21	23	47
Total Complete	3	19	21	43
Total Not Due	0	1	2	3
Overdue	0	1	0	1

- This data includes recommendations made from our ARP Audit Partners who conducted audits for the partnership. These have all been completed or superseded by the audits of 2021/22.
- **The overdue recommendation relates to CCTV and has been chased with the relevant Head of Service. This has been raised with Management Team and is due to be completed in the summer of 2022.**

Total Recommendations 2021/22				
	High	Medium	Low	Total
Total Recommendations	4	30	39	73
Total Complete	2	11	20	33
Total Not Due	1	15	16	32
Overdue	1	4	3	8

- This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.
- **The overdue high-risk actions relate to the Business Unit Lettings Audit and progress has been made in drafting a new Letting Policy – this will be published very soon.**
- **The overdue medium risk actions, relate to the Safeguarding Audit and ongoing work within the Business Unit letting team. This has been chased with the relevant Head of Service and raised at Management Team.**