

Agenda Item No:	<b>5</b>	
Committee:	<b>Audit and Risk Management</b>	
Date:	<b>20 September 2021</b>	
Report Title:	<b>Internal Audit Plan 2021-22 Progress Report Q1</b>	

## **1 Purpose / Summary**

To report progress against the Internal Audit Plan 2021-21 for the period 01 April 2021 including planned work until 30 June 2021 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 2021-22 on 21st June 2021.
- 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.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	N/A
<b>Portfolio Holder(s)</b>	Councillor Kim French - Audit and Risk Management Committee Chairman
<b>Report Originator(s)</b>	Kathy Woodward – Internal Audit Manager
<b>Contact Officer(s)</b>	Kathy Woodward - Internal Audit Manager <a href="mailto:kwoodward@fenland.gov.uk">kwoodward@fenland.gov.uk</a> 01354 622230 Peter Catchpole - Corporate Director & CFO <a href="mailto:pcatchpole@fenland.gov.uk">pcatchpole@fenland.gov.uk</a> 01354 622201
<b>Background Paper(s)</b>	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 2020 to 30 June 2021.
- 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 Staffing Update**

- 2.1 The restructure proposals of the Internal Audit team were approved by Staff Committee in September 2020. The proposals are outlined below:
  - Reinstatement of the Internal Audit Manager to a full-time post.
  - Appointment of a full-time apprentice internal auditor.
  - Retention of the existing part time internal auditor.
- 2.2 The recruitment of the apprentice internal auditor was successful, and the appointment commenced in February 2021.
- 2.3 The S113 agreement and Memorandum of Understanding between Fenland District Council and King's Lynn and West Norfolk borough Council has been terminated and the Internal Audit Manager reverted to full time from mid June 2021.
- 2.4 With the increase in capacity of the Internal Audit team, an additional strand of the revised staffing proposals including seeking to explore opportunities for income generation from the internal audit team. An opportunity has presented itself to us and we are currently investigating this opportunity. An update will be provided to the committee in the next progress report.

## **3 Monitoring**

- 3.1 The Internal Audit Plan 2021/22 was approved by the Committee in June 2021. This is later than would normally be expected, but due to committee dates being revised as a result of the Coronavirus pandemic this was the earliest opportunity to present the plan. The delay in presenting the plan did not affect the work of the team and work commenced in April on delivering the Internal Audit Plan for 2021/22.

- 3.2 The exiting arrangements for the Shared Internal Audit Manager with the Borough Council of Kings Lynn and West Norfolk, resulted in a short delay during the first quarter of this year on completion of some Internal Audit reports. This delay will be rectified during the course of the year.
- 3.2 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.
- 3.3 The following audits have been completed during the first half of 2020-21.  
(Appendix A)
- ARP Enforcement (20/21)
  - Business Rates \* (20/21)
  - Council Tax Billing and Benefits \* (20/21)
  - Council Tax Recovery and Housing Benefit Overpayments\* (20/21)
- 3.4 The following audits are currently ongoing and will be reported to the committee in future progress reports:
- Safeguarding (draft stage)
  - Cemeteries
  - Land Charges (draft stage)
  - Housing Grants – PSR / DFG (draft stage)
  - Income / Debt Management Review
  - Corporate Finance – Management Accounting Systems
  - VAT
  - Housing Standards
  - Trading Operations – Post, Commercial and Marine
  - Trading Operations – Post Assets and Maintenance
  - Licences – Taxis
  - Legal Services
  - Stores – Works
  - Covid-19 Business Grants – Post Payment Assurance
- 3.5 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:
- Covid-19 Business Grants
  - Covid-19 Discretionary Business Grants
  - Fraud Investigation work
  - National Fraud Initiative work

## Appendix A: Audits completed

Audit	Overall opinion	Recommendations			Recommendation Theme
		High	Medium	Low	
Anglia Revenues Partnership – Enforcement (20/21)	Substantial	-	-	-	
Business Rates (20/21)	Adequate	3	5	10	<i>The High risk recommendations relate to reliefs, exemptions and discounts that have been brought into focus as a result of the Coronavirus business grants. A new process for the award of Small Business Rate Relief has been brought into effect from May 2021 and a data cleansing exercise and review of existing ratepayers is underway.</i>
Council Tax Billing and Benefits (20/21)	Adequate	-	8	7	
Council tax Recovery and Housing Benefit Overpayments (20/21)	Adequate	-	5	2	

\* Audits conducted by ARP partner authorities