

INTERNAL AUDIT PROGRESS REPORT

Head of Service:	Gillian McTaggart, Head of Policy, Performance & Governance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Appendix 1: Internal Audit Progress Report - October 2020 Appendix 2: External Quality Assessment

Summary

This report summarises progress against the Internal Audit Plan and informs the Committee of the latest External Quality Assessment of Southern Internal Audit Partnership.

Recommendation (s)

The Committee is asked to:

- (1) receive the internal audit progress report from Southern Internal Audit Partnership attached at Appendix 1;**
- (2) note the findings of the External Quality Assessment of Southern Internal Audit Partnership attached at Appendix 2.**

1 Reason for Recommendation

- 1.1 This Committee has overall responsibility for audit and governance frameworks, including the functions of an audit committee.
- 1.2 The Committee receives regular internal audit progress reports which update the Committee on progress made against the audit plan and the outcomes of individual audits.

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2 Background

- 2.1 Southern Internal Audit Partnership (SIAP) was appointed as the Council's internal auditors from 1 April 2019 for a period of four years. SIAP has completed one full year (2019-20) and has commenced year two (2020-21).
- 2.2 Due to the on-going impact of COVID-19 the reporting of progress against the internal audit plan to this Committee has been impacted. A summary of the latest position for 2019-20 and 2020-21 has been set out below and has been included by SIAP in its latest Progress Report attached at Appendix 1.

Internal Audit Plan - 2019-20

- 2.3 SIAP's internal audit plan for 2019-2020 was endorsed by this Committee on 16 April 2019. The Committee received updates on progress made against the plan on 21 November 2019 and 6 February 2020. Due to the COVID-19 emergency and lockdown, which was declared towards the end of March 2020, the Committee received no further updates on progress made.
- 2.4 The Annual Internal Audit Report & Opinion 2019-20 received by this Committee on 17 September 2020 reflected all 2019-20 audits undertaken. In this report the Head of Internal Audit concluded that he was:

"Satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Epsom & Ewell Borough Council's internal control environment. In my opinion Epsom & Ewell Borough Council's framework of governance, risk management and control is Adequate and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."

- 2.5 An overview of the final position of the 2019-20 internal audits is included in the table below. This table includes those audits completed post February 2020 which comprise:

- 2.5.1 Human Resources & Organisational development (Recruitment of Permanent and Agency Staff)

- 2.5.2 Information Governance

- 2.5.3 Main Accounting

- 2.5.4 Local Plan

- 2.5.5 Community and Wellbeing Centre

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2.5.6 Income Generation & Enterprise Plan (Position Statement)

- 2.6 Fifteen audits were completed, six received an adequate opinion and six received a limited opinion. The last two audits did not culminate in an audit opinion involving instead, one position statement and Conservators Accounts sign off.

Assignment	Reported	Opinion	H	M	L
Asset Management (Property Assets)	6 February 2020	Adequate	5		2
Contract Management	21 November 2019	Limited	1	2	2
Human Resources & Organisational Development Recruitment of permanent and agency staff	19 November 2020	Adequate	0	2	1
Procurement	6 February 2020	Limited	3	2	1
Fraud & Irregularities	21 November 2019	Adequate	0	2	2
Information Governance	19 November 2020	Adequate	0	9	0
Accounts Receivable / Debt Management	21 November 2019	Limited	9	3	0
Main Accounting	19 November 2020	Adequate	0	1	1
Capital Accounting	6 February 2020	Substantial	0	0	0
Payment Card Industry Data Security Standard	Replaced with IT Assurance Mapping				
Data Management	Deferred to 2020/21				
IT Assurance Mapping	Not undertaken				
Air Quality Monitoring	21 November 2019	Limited	1	2	4
Local Plan	19 November 2020	Adequate	5	0	0

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Assignment	Reported	Opinion	H	M	L
Community & Wellbeing Centre	19 November 2020	Limited	0	7	0
Building Control	6 February 2020	Limited	1	1	4
Income Generation & Enterprise Plan	19 November 2020	Position Statement			
EWDC Conservators Account	Complete				

Internal Audit Plan - 2020-21

- 2.7 The Internal Audit Plan for 2020 – 2021 was due to be considered by this Committee in April 2020, but due to the COVID-19 emergency and lockdown, presentation of the Plan has been delayed. The Internal Audit Plan 2020-21 is included elsewhere on this Agenda.
- 2.8 Audit work against this revised plan has commenced and is progressing although no audits have been finalised as yet. Although commencement of this plan was delayed, the auditors have confirmed that they expect to complete the audit plan by year end. Further details are set out in the latest Internal Audit Progress Report from SIAP attached at Appendix 1.

3 External Quality Assessment of SIAP

- 3.1 During September, the Institute of Internal Auditors (IIA) undertook an External Quality Assessment of the SIAP which considered their conformance with the International Professional Practices Framework (IPPF), Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN).
- 3.2 This was a significant undertaking for SIAP and involved interviews and surveys with a wide range of stakeholders, including Audit Committee Chairs, Chief Executives and S151 Officers from across its Partners and clients, in addition to review of SIAP's policies, procedures and practices. The final report from the IIA is attached at Appendix 2, it concludes that SIAP conforms with all aspects of the IPPF, PSIAS and LGAN.

4 Risk Assessment

Legal or other duties

4.1 Impact Assessment

4.1.1 None for the purposes of this report.

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4.2 Crime & Disorder

4.2.1 None for the purposes of this report.

4.3 Safeguarding

4.3.1 None for the purposes of this report.

4.4 Dependencies

4.4.1 The Chief Internal Auditor will issue an Annual Internal Audit Report & Opinion for 2020-21 on completion of the year. This report is a critical document that will be used in preparing the Annual Governance Statement 2020-21 included in the Statement of Accounts.

4.5 Other

4.5.1 None for the purposes of this report.

5 Financial Implications

5.1 There are no financial implications within this report.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

6.1 None for the purposes of this report.

6.2 **Monitoring Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

7.1.1 Effective Council – Engaging, responsive and resilient Council.

7.1.2 Green & Vibrant – A better place to live where people enjoy their surroundings

7.1.3 Safe & Well – A place where people feel safe, secure and lead healthy, fulfilling lives

7.1.4 Opportunity & Prosperity – A successful place with a strong, dynamic local economy where people can thrive

7.1.5 Smart & Connected – Alive and connected socially, economically, geographically and digitally

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7.1.6 Cultural & Creative – A centre for cultural and creative excellence and inspiration

7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** no relevance for the purposes of this report.

7.4 **Sustainability Policy & Community Safety Implications:** no relevance for the purposes of this report.

7.5 **Partnerships:** not applicable.

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Internal Audit Plan 2019/20, Audit, Crime & Disorder and Scrutiny Committee 16 April 2019
- Internal Audit Progress Report, Audit Crime & Disorder and Scrutiny Committee 21 November 2019
- Internal Audit Progress Report, Audit Crime & Disorder and Scrutiny Committee 6 February 2020
- Annual Governance Statement 2019/20, Audit Crime & Disorder and Scrutiny Committee 17 September 2020

Other papers:

- None