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| Report of: | Head of Internal Audit, Veritau |
| Submitted to: | Corporate Affairs and Audit Committee, 17 December 2020 |
| Subject: | Internal Audit progress report |

Summary

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| Proposed decision(s) |
| <p>That the Committee:</p> <ul style="list-style-type: none"> notes the progress in delivering the 2020/21 internal audit plan and the outcomes from work completed since the last report to this committee. |

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| Report for: | Key decision: | Confidential: |
| Information | No | No |

| Contribution to delivery of the 2020-23 Strategic Plan | | |
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| People | Place | Business |
| <p>Agreement to note the audit findings or identify where additional assurance is required will help the Committee perform its role. Internal audit work contributes towards achieving the Council's priorities by identifying any potential control issues which may obstruct that achievement.</p> | <p>Internal Audit assists management in delivering their priorities by working to an annual programme of work that includes assignments linked to corporate risks and priorities, and which seeks to add value by assessing the quality of controls, ensure value for money and achieve better outcomes for local people.</p> | <p>Internal Audit assists management in delivering their priorities by working to an annual programme of work that includes assignments linked to corporate risks and priorities, and which seeks to add value by assessing the quality of controls, ensure value for money and achieve better outcomes for local people.</p> |

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| Ward(s) affected |
| None. |

What is the purpose of this report?

1. To provide Members with an update on progress with the delivery of internal audit work and on reports issued and other work completed since the last update report to this committee.

Why does this report require a Member decision?

2. Internal audit professional standards require that internal audit reports to the committee on progress with the delivery of audit work and on the findings and conclusions from work completed.

Report Background

3. Internal audit provides independent and objective assurance and advice on the Council's operations. It helps the organisation to achieve overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
4. The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
5. The purpose of this report is to provide an update on audit work carried out in 2020/21. The Council's internal audit plan was approved by this committee in March 2020.

Progress report

6. Appendix 1 summarises the progress made in delivering 2020/21 audit work. Work is underway on a number of audits. Where a specification for the audit has been agreed and fieldwork has commenced, this is noted as 'specification issued'.
7. The audits listed are those that have been agreed with management as a priority for review during the year and which have either commenced or have been scheduled to take place. Further audits will be added as the year progresses.
8. All audits continue to be carried out remotely – for example through virtual meetings with officers and sharing of information electronically. It has been more difficult than usual to contact people who have been working remotely; and the current arrangements have led to some delays in obtaining information. We have regular liaison meetings with the S151 Officer and other key contacts who are providing support with helping to progress work and address any difficulties that arise.
9. We are currently focusing on financial system audits that were not completed in 2019/20 due to the Covid-19 pandemic. An audit of debtors is at draft report stage, whilst audits of creditors and payroll are underway. The remaining financial system audits are planned to commence soon.
10. Work has also started or has been scheduled across other service areas. This includes two audits in Children's Services (improvement plan governance and data quality) linked to the Council's response to the recent Ofsted inspection.

11. Work completed to date includes a number of pieces of grant certification work and other assurance for external providers of funding to the Council. This includes Homes England, the Tees Valley Combined Authority and the Employment and Skills Funding Agency.
12. A summary of work completed since the last report to this committee is at Appendix 2.

What decision(s) are being asked for?

13. That the committee:
 - notes the progress in delivering the 2020/21 internal audit plan and the outcomes from work completed since the last report to this committee.

Why is this being recommended?

14. Internal audit professional standards require that progress in delivering internal audit work, and the findings and outcomes from audit work are reported to the committee.

Other potential decisions and why these have not been recommended

15. This report is for information. There are no other options available.

Impact(s) of recommended decision(s)

16. There are no implications to this report in relation to:
 - *Legal*
 - *Financial*
 - *Policy Framework*
 - *Equality and Diversity*

Risk

17. The Council will fail to comply with proper practice for internal audit if Members are not regularly updated on progress of and outcomes from internal audit work.

Actions to be taken to implement the decision(s)

18. Any requests for additional assurance or clarification by Members of the Committee will be responded to accordingly.

Appendices

Appendix 1 – internal audit progress report December 2020

Appendix 2 – final reports issued

Background papers

No background papers were used in the preparation of this report

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