

## Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	30th November 2020	AGENDA ITEM NUMBER
TITLE:	Internal Audit Annual Plan – Six Month Performance Update	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Appendix 1- Audit Reviews Position Statement (as at 30th September 2020)		

### 1 THE ISSUE

1.1 The Annual Internal Audit Plan for 2020/21 was presented to the Corporate Audit Committee on the 30<sup>th</sup> July 2020. This report has been compiled to provide an update to the Committee on progress against the Plan and the results of Internal Audit work completed.

### 2 RECOMMENDATION

2.1 The Corporate Audit Committee is asked to note progress made against the Internal Audit Plan for 2020/21.

2.2 The Corporate Audit Committee are asked to agree the revised Internal Audit Plan for 2020/21 resulting in a reduction of planned audit reviews from 35 to 26.

### 3 THE REPORT

3.1 The chart overleaf shows that as at halfway through the year:

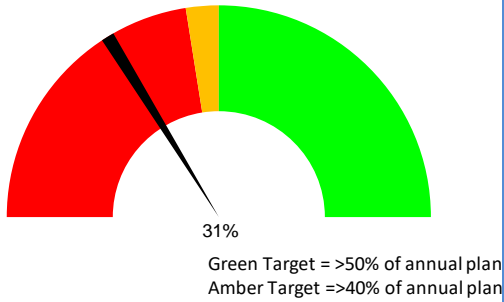
- The impact of COVID-19 and unplanned work has significantly impacted on scheduled work and will continue to do so over the next six months
- We will be agreeing with Senior Management a refocussed set of reviews for the remainder of the year taking into account continued Covid-19 impacts;
- Customers rated the service as 'excellent';
- Critical and High-level recommendations have been implemented;
- Audit Reviews are substantially being completed within their allocated days;
- State of the Internal Control framework is satisfactory, based on our audit opinions;
- Our opinions are however tempered by remote working as we cannot observe normal working practices.

# PERFORMANCE DASHBOARD - INTERNAL AUDIT

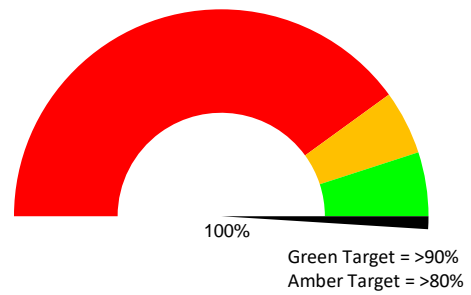
Client - Bath & North East Somerset

Period - April 2020 - September 2020

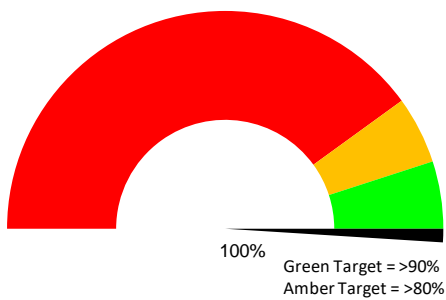
## 1. AUDIT PLAN COMPLETED



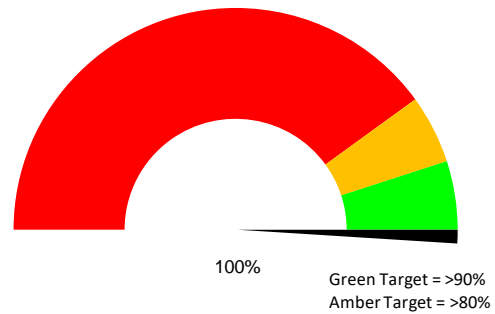
## 2. AUDITS COMPLETED IN PLANNED TIME



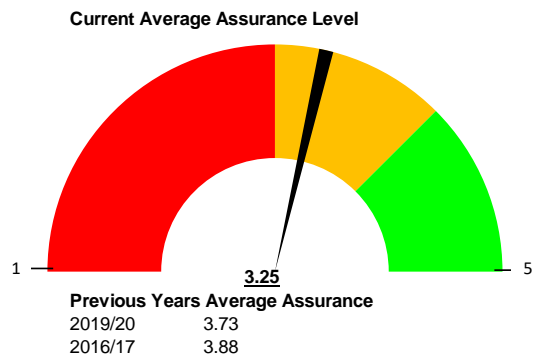
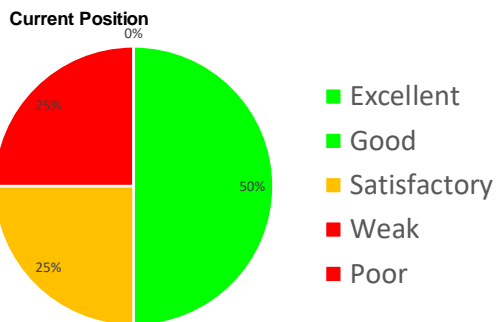
## 3. CUSTOMER SATISFACTION



## 4. IMPLEMENTATION OF RECOMMENDATIONS



## 5. AUDIT OPINION - ASSURANCE LEVEL PROVIDED



## 6. WHISTLEBLOWING CASES IN CURRENT FINANCIAL YEAR



## 7. INVESTIGATIONS - CASES UNDER INVESTIGATION DURING REPORTING PERIOD



## 8. NEW UNPLANNED WORK



## 3.2 COMPLETION OF THE INTERNAL AUDIT PLAN

- 3.2.1 The Audit Plan was originally prepared pre-Covid-19 and so the impacts on the original plan have altered our work through the year and the Committee was updated on examples on this at its last meeting.
- 3.2.2 As we know from the National position the situation remains fluid but it is clear that Covid-19 will remain with us for the rest of the financial year and likely well into 2021.
- 3.2.3 Therefore we need to be agile and supportive to Senior Management to ensure the right work gets done at the right time and provide whatever support we can where it is needed for the remainder of the year.
- 3.2.4 Core work around Fraud, Risk Management, Grant Certification, Follow-up Audits and the Annual Governance Statement are ongoing and will remain unaffected as will any requested Investigation work, but we need to review the remainder of our planned areas.
- 3.2.5 This means that we will be re-focussing our planned time only on key issues and risks agreed with Senior Management and continuing to support the Council's Covid-19 work where we can and to this end we are asking the Committee for any views on these priorities for the remainder of the financial year
- 3.2.6 Significant impacts on plan at the financial year half-way point are:

### **Covid-19 & Level of Unplanned Work:**

The Performance Dashboard records that a total of 151 days has been used on 'Unplanned Work / Investigations'. Covid19 and the impacts on the Council has been the reason for significant unplanned work (see 3.7 below). In addition to 151 days being recorded specifically to 'unplanned' items of work significant Senior Management time has been spent on supporting the Council's recovery plan.

### **2019/20 Work Carried Forward:**

A number of the 2019/20 audit reviews still required work and this work has been carried out during the start of the financial year.

### **Remote Working:**

Whilst we can carry out audit reviews remotely and have good quality IT equipment our approach has had to be adapted to a range of issues connected to working at home, including wi-fi and network availability, home working conditions, access to systems and data remotely and access to team members and management that we are auditing. There are some limitations to this and it can and has slowed up or limited some of our work and our audit opinions are tempered by these facts.

## 3.3 AUDIT REVIEWS COMPLETED IN ASSIGNED DAYS

- 3.3.1 The percentage of audits (included in 2020/21 Plan) completed within the initial allocated days is recorded at 100%. However, it is important to note that this performance indicator is based on audit reviews completed, i.e. 'Final' version of the Audit Report issued. A review those other audits that are in the process of being carried out has confirmed that audit work is taking more time to do based on remote working. It is acknowledged that the 'on the job' training for new recruits is increasing the time spent on individual reviews but the predominate reason for more time being spent on audit reviews is the difficulties of accessing records and auditees based on remote working.

3.3.2 The Head of Audit and Assurance will monitor this closely and work with audit colleagues to understand more fully the implications of remote working including whether testing implications has a significant impact on assurance that can be provided.

### **3.4 CUSTOMER SERVICE**

3.4.1 The relevance / importance of the 'Customer Service' performance measure, (based on completion of Audit Quality Questionnaires), has been subject of discussion at previous Committee meetings. It is important that Committee Members are aware that Audit Management doesn't just rely on the completion of questionnaires to monitor 'client satisfaction', we continually monitor client feedback to ensure the quality of the internal audit service is maintained. Feedback remains very positive. Examples of some of the comments received include:

*"The usual very professional service from the Audit team and this time under more difficult circumstances due to lockdown, thank you."*

*"As always \*\*\*\* displays an in-depth analysis and knowledge of the area under review and industry best practice - clearly does his homework before starting an audit."*

*"the approach the auditor took was excellent in that she was open, communicative and approachable. The outcome of the audit didn't necessarily give us all the answers we were looking for but helped us make some informed decisions about how we took the issues forward"*

### **3.5 IMPLEMENTATION & FOLLOW UP OF RECOMMENDATIONS**

3.5.1 The dashboard records implemented critical/high risk rated recommendations at the time the audit was 'Followed-Up' at 100%. The 3 audits 'Followed-Up' during the first half of the financial year recorded 3 high risk rated weaknesses / recommendations. The amount of 'Follow-Up' work has been low in the first 6 months of this financial year. The plan will be to carry out all the 'Follow-Up' work required before the end of the financial year.

### **3.6 INVESTIGATIONS/ WHISTLEBLOWING**

3.6.1 The service has only been involved in a single investigation during the first half of 2020/21 and the time on this was limited and did not result in any action having to be taken against Council Officers / Members.

### **3.7 UNPLANNED WORK (Including Covid-19 Reviews)**

3.7.1 As recorded in the Performance Dashboard the Internal Audit Team has had to respond to the Covid19 Pandemic and this has resulted in its involvement in 7 significant pieces of work:

- 1) Small Business and Retail, Hospitality & Leisure (RHL) grant support / advice
- 2) A review of the control framework related to the processing of small business, RHL and Discretionary grants.
- 3) Adult Care Provider Relief support
- 4) Passenger Services Supplier Relief Support
- 5) Support relating to an enquiry from a charitable body requesting the repayment of historic Council Tax payments to a vulnerable client following a court case.
- 6) Audit review of the management / administration of PPE Stock
- 7) Small Business; RHL and discretionary grant post payment review – use data analytics to examine legitimacy of grant applications / payments.

3.7.2 Based on the significant level of unplanned work completed during the first half of 2020/21 there is a need to re-set the Internal Audit Plan, acknowledging that not all the audits planned will be completed during the financial year (see 3.9).

### **3.8 ASSURANCE LEVEL PROVIDED**

3.8.1 The Assurance Level pie chart and speed dial in Section 5 of the dashboard record the results of the four 'finalised' 2020/21 reports – two scoring a 'good' (substantial assurance) level, one 'satisfactory' (reasonable assurance) and one 'weak' (limited assurance).

3.8.2 It has been agreed that any audits recording a 'Poor' or 'Weak' Assurance Level will be reported to the Committee. The single audit recording a 'weak' assurance rating was IT – Idox Contract Management. Idox provides an integrated suite of software that allows the Council to manage land and property portfolios. The Planning, Building Control, and Property teams use Idox for the processing of planning and building applications and for the storage of information relating to Council ownership of land and property.

3.8.3 The adequacy of Vendor performance monitoring and verifying compliance with Data Protection regulations relating to the new Idox GDPR module were areas highlighted by the review as requiring attention.

3.8.4 IT Service management have responded very positively to the recommended actions and all 4 High Risk Recommendations have been agreed for implementation during 2021 and implementation will be monitored / verified.

### **3.9 INTERNAL AUDIT PLAN 2020/21**

3.9.1 As stated in 3.7.2, there is a need to re-set the Internal Audit Plan based on unplanned work significantly exceeding the contingency allowance allocated for the whole of 2020/21. It is proposed that a minimum of 9 audit reviews (25% of the plan) are highlighted as likely not be carried out during the year and will be considered for inclusion in the 2021/22 Internal Audit Plan.

The 9 audit reviews are:

- 1) Revenue Estate – Property Acquisitions
- 2) Avon Pension Fund – Business Continuity
- 3) Revenue Estate – Asset Utilisation
- 4) Alternative Learning
- 5) Parks
- 6) Traffic Signals & Intelligent Networks
- 7) GLL Contract Management
- 8) Climate Change
- 9) Governance – Decision Making

These audits have been selected based on the original audit planning risk assessment, consideration of other review activity (e.g. current Property Review) and consultation with management.

As the impacts of Covid-19 are ongoing there may need to be further changes and these will be reported to the Committee.

## **4 STATUTORY CONSIDERATIONS**

4.1 There are no specific statutory considerations related to this report. As stated in the issue section of this report the Corporate Audit Committee is required to report back to Council annually.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 There are no direct resource implications relevant to this report.

## **6 RISK MANAGEMENT**

6.1 A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

6.2 The Corporate Audit Committee has specific responsibility for ensuring the Council’s Risk Management and Financial Governance framework is robust and effective.

**7 EQUALITIES**

7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

**8 CLIMATE CHANGE**

8.1 There are no direct climate change implications related to this report.

**9 OTHER OPTIONS CONSIDERED**

9.1 No other options to consider related to this report.

**10 CONSULTATION**

10.1 The Council's Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	<i>Andy Cox (01225 477316) Jeff Wring (01225 477323)</i>
<b>Background papers</b>	<i>Report to Corporate Audit Committee – 30<sup>th</sup> July 2020 – Internal Audit Plan - 2020/2021</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

**Audit Reviews Position Statement (as at 30th September 2020)**

Appendix 1

Ref	Topic	Status	Assurance Level	Recommendations	
				Made	Agreed
20-001B	Highways Interventions & Drainage	Not Started			
20-002B	Governance - Council Companies	Not Started			
20-003B	Waste Collections - Income	Not Started			
20-004B	Property – Compliance (Statutory - H&S)	WIP			
20-005B	Clean Air Zone	Not Started			
20-006B	Grant Funded Projects	WIP			
20-007B	Accounts Payable (Agresso FMS Authorisations)	Draft	4	11	
20-008B	Revenue Estate - Property Acquisitions	Not Started			
20-009B	Car Parking Enforcement	WIP			
20-010B	APF - Altair - IT System Access	Final	4	8	8
20-011B	Revenue Estate - Service Charges and Tenant Management Relations	Programmed			
20-012B	Use of Unregulated Placements	Programmed			
20-013B	Community Care Contract Management - Integrity of Data	Not Started			
20-014B	Climate Change Response	Not Started			
20-015B	APF - Risk Management	WIP			
20-016B	Waste - Transfer Station	WIP			
20-017B	IT Audit - Configuration Management – Servers and Endpoints <b>Ransom Ware (MKI Code 20-211B)</b>	Change to Planned Audit <b>Programmed</b>			
20-018B	IT Audit - Electronic Service Delivery - Revenue & Benefits <b>Mobile &amp; Remote Working (MKI Code 20-210B)</b>	Change to Planned Audit <b>Not Started</b>			
20-019B	Community Resource Centre - Establishment Review	Programmed			
20-020B	APF - Business Continuity	Not Started			
20-021B	Heritage – Retail Shops – Purchasing & Stock Control	WIP			
20-022B	Council Tax - Liability, Billing & Refunds	Not Started			
20-023B	Revenue Estate - Asset Utilisation	Not Started			
20-024B	IT Audit - Helpdesk – Issue and Problem Management	WIP			
20-025B	APF - Pensions Governance COP 14	Not Started			
20-026B	IT Audit - Integrated Care Children’s Record Data (Migration)	Not Started			
20-027B	IT Audit - Application - IDOX Contract Management	Final	2	7	7
20-028B	Housing Benefits Processing Claims (& Overpayments)	Not Started			
20-029B	Traffic Signals & Intelligent Network	Not Started			
20-030B	Building Control	Final	4	3	3
20-031B	Governance - Decision Making	Not Started			
20-032B	Schools - Income & Payments (VAT)	WIP			
20-033B	Alternative Learning	Not Started			
20-034B	GLL Contract Management	Not Started			
20-035B	Parks	Not Started			