

**HUNTINGDONSHIRE DISTRICT COUNCIL**

<b>Title:</b>	Progress Report on the Internal Audit Plan 2021/22
<b>Meeting/Date:</b>	Corporate Governance Committee – 26 January 2022
<b>Executive Portfolio:</b>	Cllr David Keane
<b>Report by:</b>	Deborah Moss, Internal Audit Manager
<b>Wards affected:</b>	All wards

**Executive Summary:**

The Committee has responsibility under its terms of reference for ensuring that the Council undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes (taking into account the Public Sector Internal Audit Standards (PSIAS)).

Internal Audit remains a tightly resourced team, now with a trainee auditor filling a full-time role. Thus the delivery of the Audit Plan is on a dynamic, risk-managed basis.

In March 2021 an Audit Plan based on a priority list of assurance activities was agreed. It also allowed for new emergent risks or higher-priority reviews to be inserted. It was reported in the interim progress report in September that it was unlikely that the Plan would be fully delivered this year.

This report details the progress status of items within the Plan and proposes deletions and additions to the agreed Plan still within the current year. The Internal Audit Manager has taken the view that some areas intended for review will have to be postponed as there is little value to be gained given the present status of some activity areas.

**Recommendations**

- To note and comment on the progress made of the Plan
- To comment and approve the amendments made: areas where there is little value in reviewing at present; IT audits which had not yet been decided when the Plan was approved.
- Committee are also invited to make proposals for the 2022/23 Audit Plan.

## **1. PURPOSE OF THE REPORT**

- 1.1 To inform Committee as to the progress and position of the Internal Audit (IA) Plan for 2021/22 and any issues arising there from. It details the current status of the planned assurance activities from the approved Plan.

## **2. BACKGROUND**

- 2.1 The Accounts and Audit Regulations 2015 require that the Council ‘...must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards (PSIAS) or guidance’. The Council has adopted the PSIAS through the Committee’s Terms of Reference.

- 2.2 The Council requires the Internal Audit Manager (IAM) to “establish risk-based plans to determine the priorities of internal audit activity, consistent with the organisations goals”. The risk-based plan must also:

- take into account the requirement to produce an annual internal audit opinion;
- incorporate a strategic high-level statement of how the internal audit service will be delivered and developed and how it links to the Council’s objectives and priorities;
- explain how internal audit’s resource requirements have been assessed; and
- include the approach to using other sources of assurance and any work required to place reliance upon those other sources.

Furthermore, the IAM must review and adjust the plan as necessary, in responses to changes in risks, operations, programs, systems, and controls.

## **3. ANALYSIS**

### **Internal Audit Plan**

- 3.1 The Audit Plan for 2021/22 comprised three sections:

- assurance activities in support of the annual Audit opinion on internal control.
- other assurance activities for later consideration and inclusion in the Plan
- audit activities that need to be undertaken but which do not support the audit opinion.

- 3.2 The plan supports the aims and outcomes of the Corporate Plan; the action plans within the annual governance statement; and the requirement to review key financial and significant internal control systems and procedures. The intention was that once the Council’s risk register had been reviewed and updated, the Audit Plan would be revisited to ensure it is in line with the significant risks identified; the risk register has not yet been reviewed.

- 3.3 Appendix 1 details the approved assurance activities and includes a column showing RAG-rating whether each audit has been completed; in progress or scheduled still for this year; or not started /not scheduled. A number of activities were proposed as

possible consultancy work only and potential audits for next year once changes /improvements to the service area had been completed and embedded; there would be no value to auditing an area that was already known to be undergoing improvements or changes.

#### **Other sources of assurance**

- 3.4 The PSIAS requires that the audit plan planning process takes into account other sources of assurance that will be available during the year. Managers have been requested to provide details of any planned independent reviews from which assurance could be obtained to avoid/minimise duplication of effort. It is intended that any advised external or third-party assurances will be captured and used to support the audit opinion. To date, very little other assurance has been offered by Services/Management.

#### **4. RISKS**

- 4.1 Non-delivery of the internal audit plan, or not undertaking sufficient work across the Council's control environment (the framework of governance, risk management and control) may affect the ability of the Internal Audit Manager to provide the Committee with a robust annual internal audit opinion.
- 4.2 The internal audit team is small and any reduction in resources (ie staff leaving, sickness) would quickly have an impact on the deliverability of the audit plan.

#### **5. LINK TO THE CORPORATE PLAN**

- 5.1 The Internal Audit Service through the audit plan contributes to all the strategic themes and outcomes. Specifically, it supports the Senior Leadership Team by undertaking reviews that provide assurance that:
- significant risks identified in the risk register are managed effectively
  - laws and regulations are being met,
  - business and financial processes and systems are managed effectively and
  - assets are safeguarded.

It also improves the performance of the Council by assessing current risks, considering emerging risks, identifying efficiency gains and process improvements.

#### **6. REASONS FOR THE RECOMMENDED DECISIONS**

- 6.1 The Committee's terms of reference require it to approve the Internal Audit Plan.

#### **7. LIST OF APPENDICES INCLUDED**

Appendix 1 – Internal Audit Plan 2021/22 with updated status.

## **BACKGROUND PAPERS**

The Public Sector Internal Audit Standards

## **CONTACT OFFICER**

Name/Job Title: Deborah Moss, Internal Audit Manager  
Tel No: 01480 388475  
Email: [deborah.moss@huntingdonshire.gov.uk](mailto:deborah.moss@huntingdonshire.gov.uk)

## Appendix 1

### Audit Plan 2021/22 – Assurance Activities that will support the Annual Audit Opinion:

Area	Status	Service	Type of review	Scope/rationale	HDC Corporate Objective
<b>Key Financial Systems:</b> <ul style="list-style-type: none"> <li>Council Tax</li> <li>NNDR</li> <li>Main Accounting System</li> <li>Creditors</li> <li>Debtors</li> <li>Housing Benefits Creditors</li> <li>Housing Benefit Debtors</li> </ul>	Reviews completed quarterly unless decision taken to miss a quarter based on capacity v. value.	Corporate Key Financial Services	Quarterly continuous audit reviews	As per agreed Key Controls for each financial system	Becoming a more Efficient and Effective Council
<b>Covid Account</b>	Discussions held but further review deemed of limited value	Covid /Finance	System overview	To obtain assurance on the process for ensuring we capture all costs and claim for covid reimbursement from the Govt. To ensure that all costs are supported by evidence (to avoid risk of it being refused/recovered; and to ensure that all cost are accurate, and nothing omitted).	Becoming a more Efficient and Effective Council
<b>S.106 Agreements</b>	In Progress	Development Control / Planning	Follow-up review initially (potentially then a system review)	Review of new system implementation, then if all operational progress to full system review. If not operational then need to test a sample of agreements to obtain assurance on progress and action. Review amount of £ on account (risk: it could have to be returned to developer if no action). Possible “significant issue” if large monetary amount.	Place – Support development of infrastructure to enable growth
<b>Car Parking permits new process: MiPermit</b>	Completed & draft issued	Operations	Light touch review	An oversight review of the new process introduced in 2020 to provide assurance that it is appropriate, efficient and complied with.	Becoming a more Efficient and Effective Council

Enforcement Policy (from 19.20 Plan)	Scheduled for Q4	Corporate /Community	System review	Compliance with corporate Enforcement Policy across enforcement teams within HDC.	Becoming a more Efficient and Effective Council
Network Access (red Audit Action)	Will be reviewed by BDO	ICT	Follow up review	To ensure that user accounts are managed effectively, and network access is restricted and appropriate.	Becoming a more Efficient and Effective Council
Delivery of Capital Scheme (red Audit Action)	Completed and report issued	Corporate	Follow up review		Becoming a more Efficient and Effective Council
A contract review - Minor Works Contract & Expenditure	Completed and report issued	Operations		– small works contract (expiry and use since); total spend with company; analysis of spend; usage outside of small works v competition (note waiver of CoP). To sure we are getting value for money from these works; allowing appropriate competition; not stretching the contract outside its remit.	Becoming a more Efficient and Effective Council
Sickness Dashboard	Not started	HR/Corporate	follow-up review	Agreed in the audit report 2020 that a follow up would be undertaken to ensure compliance that all sickness is being recorded. (reconciliation of timesheets to dashboard to check that input is happening in real time; look at extra guidance given to managers; delegation usage; does it work properly, loopholes, etc).	Becoming a more Efficient and Effective Council
CCTV	Not started- a revised CCTV Policy is being drafted and should include the aspects to be reviewed.	Operations	Light touch review	To follow up on written procedures and processes for the lawful capture of recordings for transference to Police etc.	
NNDR Northgate system	Discussions only. Further work still be decided based on value.	Customer Services/ NNDR	Light-touch review	Following on from Grants, the database risks holding inaccurate data as businesses fail to notify of any property vacations. To review what can be carried	Becoming a more Efficient and Effective Council

				out to ensure the accuracy/currency of the Northgate system.	
IT equipment inventory	In progress / nearly completed	ICT	System review	To ensure adequate inventory and controls over physical security and location/custodianship of hardware. To include movements in/out of ICT handling.	Becoming a more Efficient and Effective Council
Brexit requirements (EU citizens applying for jobs – extra requirements after Brexit)	Completed & draft report issued	Corporate Resources /HR	Light review of process & Compliance review	To obtain assurance that we have an adequate process in place and compliance.	People – Develop a flexible and skilled local workforce
Towns Programme	Completed & final report issued	Planning / Economic Development	Oversight and assurance review	To obtain assurance that there are robust governance arrangements surrounding this high value programme.	Place – Support development of infrastructure to enable growth
Overtime	In progress / nearly completed	Corporate – All Services	Compliance with policy/procedure and overview of usage	Review of spend on overtime and assurance on compliance. Analyse the spend on overtime; trends by Service/job; capacity issues. Compliance with the policy (usage and approval).	
Land Charges fee income review	In progress	Corporate Resources/Land Charges	Follow-up review	To ensure there is an adequate system in place; appropriate calculation; signed off.	Becoming a more Efficient and Effective Council
DFG certification	Completed & issued	Planning	- oversight & compliance	Certification required to be given to County Council; to ensure that funds are spend in accordance with the rules of the grant.	Becoming a more Efficient and Effective Council  People – Support people to improve their health and well-being.

Purchasing Cards	Not started & unlikely to be scheduled for 21/22.	Corporate Resources	risk-based system review – & compliance review	Review of procedure and usage during 2020/21.	Becoming a more Efficient and Effective Council
Risk Management (AGS issue)	Audit time has been used towards Risk Mgt assistance.  Proposed that an audit will still take place in 22/23	Corporate Resources	oversight & progress reporting for AGS 20/21  Late 21/22 or 22/23: risk-based system review	2021/22 follow-up progress review for AGS significant issue.  Late 21/22 or 22/23: Once the RM process has been redesigned and the Risk Register relaunched then an Audit can be programmed (potentially by our audit contactor for independence).	Becoming a more Efficient and Effective Council
Lone Working (red Audit Action) (AGS issue)	Internal Audit supported through work at Risk & Controls Group.  System not ready to be followed up yet.	Corporate	follow up review – progress reporting for AGS 20/21	To review operational compliance with the new system introduced to ensure adhered to and overview on how well it is working.	Legal obligation - H&S at Work Act
GDPR	Not ready to be audited yet.  The new DPO is looking thoroughly at GDPR and may provide reported assurance levels.	Corporate & ICT/IG	follow up review – progress reporting for AGS 20/21	AGS issue: To review progress and report.	Becoming a more Efficient and Effective Council
HR & Payroll System (go live due May 2021)	Some ad hoc discussions have taken place on different aspects of the system.  Proposed that an IT iTrent Application audit undertaken in 22/23.	Corporate Resources / HR, Payroll	System testing and/or Consultancy  Systems review	New HR/Payroll system: IA involvement in testing stage; consultancy if requested. Systems review later in 21/22: scope determined by cyclical programme.  Seeking assurances from Sponsor or lead that internal controls are same or enhanced compared to old system.	Becoming a more Efficient and Effective Council



	An Internal Audit review of Payroll may also take place in 22/23 (dependent on Payroll resource capacity).			Cyclical review of Payroll to commence later in 20/22 or 22/23.	
National Fraud Initiative (NFI)	Completed & Submitted				
IT Audit – Service-procured systems/ Shadow IT	In Progress	ICT	Systems reviews & follow up reviews	The IT audit plan has not yet been prepared.	
IT Audit – Contract Management	Not started/ Scheduled for Q4	ICT	Systems reviews & follow up reviews		
IT Audit – follow ups	Not started / scheduled for Q4	ICT	Follow-up reviews	Follow-up reviews of all implemented IT audit actions.	

**Deborah Moss**  
**Internal Audit Manager**  
**January 2022**

**Reviewed by Justin Andrews, Assistant Director of Corporate Services**

