

## AUDIT & STANDARDS COMMITTEE

3 February 2020

<b>Title:</b> Internal Audit Report 2019/20 Q1 - Q3 (April to December 2019)	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
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<b>Accountable Director:</b> Claire Symonds, Chief Operating Officer	
<b>Summary:</b> This report brings together all aspects of internal audit work undertaken to the end of Q3 of 2019/20. The report details audit progress and results to 31 December 2019 and includes details of the overdue high-risk recommendations outstanding and actions being taken by management to address these.	
<b>Recommendation:</b>  The Audit & Standards Committee is asked to note the contents of the report.	

### 1. Risk and Compliance audits 2019/20

- 1.1. The Risk and Compliance audit plan has had nine new audits added to the plan since the start of the year with three being removed. These are detailed in section 1 of Appendix 1.
- 1.2. At the end of Q3, 50% of the original plan of risk and compliance audits were at least at draft report stage. This meets the target for the end of Q3 which is for 50% of audits to be at draft stage.

### 2. Schools audits 2019/20

- 2.1. An exercise has been completed to risk assess the schools in the Borough to inform a risk-based schools' audit plan and work is now underway with these schools.
- 2.2. The 50 days allocated to schools' audits has now been increased to 75 following the risk assessment and this has been split amongst 14 schools and some general follow-up time.
- 2.3. At the end of Q3, 36% of the school audits were at least at draft report stage. Whilst this does not meet the target for the end of Q3 which is for 50% of school audits to be at draft stage, this is for planned reasons to allow our contractor Mazars to focus on some short notice urgent work on the Risk and Compliance plan.

### **3. Outcomes of the internal audit work**

- 3.1. Eighteen draft reports have been issued to date, thirteen Risk and Compliance and five School audits. Fourteen final reports (nine Risk and Compliance and five Schools) have also been issued with six of these being Limited Assurance and eight Reasonable Assurance.

### **4. Progress in implementation of internal audit recommendations as at 31 December 2019**

- 4.1. Internal Audit tracks management progress in implementing all critical and high-risk findings by way of a chase up or follow up to the audit client accordingly.
- 4.2. There are no outstanding overdue high-risk findings as at 31 December 2019.
- 4.3. There are no critical findings outstanding.

### **5. Financial Implications**

*Implications completed by Thomas Mulloy, Chief Accountant*

- 5.1. Internal Audit is fully funded for 2019/20.

### **6. Legal Implications**

*Implications completed by Dr Paul Feild, Senior Governance Solicitor*

- 6.1 The Accounts and Audit (England) Regulations 2015 section require that:

*a relevant authority must ensure that it has a sound system of internal control which—facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.*

- 6.2 Furthermore the Director of Finance has a statutory duty, under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985, to ensure that there are proper arrangements in place to administer the Council's financial affairs.
- 6.3 Counter Fraud practices set out in this report address the need to counter fraud, money laundering, bribery and the proceeds of crime. The Council's policies guide on the investigatory and prosecution process. In formulating the policies, it addresses the issue of corruption and bribery. Corruption is the abuse of entrusted power for private gain. The Bribery Act 2010 defines bribery as "the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages whether monetary or otherwise".
- 6.4 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against it. We will enhance our provision further by making best use of existing legislation, for example the Proceeds of Crime Act 2002, to ensure that funds are recovered, where possible by the Council.

**Public Background Papers used in the Preparation of the Report: None.**

**List of Appendices**

- 1 Internal Audit 2019/20 Q3 update
- 2 Revised Internal Audit Plan 2019/20