

Report of: Corporate Director - Resources

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	25 th January 2021	-	All

SUBJECT: Internal Audit Interim Report 2020-21**1. Synopsis**

- 1.1. The provision of a continuous internal audit service provides independent and objective assurance on the control environment that supports the delivery of the Council's objectives.
- 1.2. This report is intended to support Audit Committee in obtaining assurance over the Council's governance, risk management and internal control environment. It does this by demonstrating that the Internal Audit plan is being delivered, highlighting service areas where high priority recommendations have been made and commenting on the level of implementation of audit recommendations by management.

2. Recommendations

- 2.1. Committee is asked to note the report.

3. Background

- 3.1 The 2020-21 Internal Audit Plan was approved by Audit Committee in May 2020. This report presents a summary of the work that Internal Audit has undertaken as part of the 2020-21 audit plan and the position of the plan at 30 November 2020.

- 3.2 The work of Internal Audit, in accordance with the annual audit plan, is directed towards key risk areas as identified with the Council's Principal Risk Report. Internal Audit provide assurance on the actions being taken to mitigate principal risks through delivery of the audit plan.
- 3.3 The audit plan is delivered by the in-house team across the Shared Internal Audit Service (with LB Camden) and a co-sourced partner (PwC).

4 Outcomes and follow up activity

- 4.1 The report details the outcomes of delivery of the 2020-21 audit plan at Appendices 1 and 2, and outcomes of follow up audits in Appendix 3, as at 30 November 2020. The report also identifies and gives more detail on those areas where the overall assurance statements were less than 'moderate' at Appendix 2.
- 4.2 Internal audit projects result in a statement of assurance of either 'substantial', 'moderate', 'limited' or 'no' assurance. These conclusions are based on the number of critical and high priority risks identified in the report. These statements are indicators of the assurance we can give at the time of the audit and may reflect control design or compliance issues. We are pleased to report a positive response to final audit reports with satisfactory management responses to audit recommendations. Internal Audit routinely conduct follow up reviews to assess the level of implementation of audit recommendations. Where implementation of recommendations is protracted, Internal Audit may provide support to auditees in-year.

5. Covid-19

- 5.1 Due to the Covid-19 emergency and the immediate response that followed, Internal Audit was required to temporarily pause completion of a number of core audit reviews. Internal Audit utilised this time to provide risk and control advice surrounding the Council's Covid-19 response, including in areas such as purchase ordering and the payment of suppliers. The Internal Audit team also supported the Council's Audit Manager (Investigations) to formulate advice related to Covid-19 related anti-fraud measures. While the core reviews were temporarily paused, the team's work focussed on providing ongoing assurance through the delivery of an accelerated programme of follow up activity. As detailed in Appendix 1, reviews that were paused as auditees were engaged in the Council's Covid-19 response have now either completed or will be conducted as part of the 2020-21 plan.
- 5.2 To maximise productivity of the Internal Audit team during lockdown, key monitoring controls that existed pre-lockdown continued to be applied i.e. outcomes monitoring and a weekly progress tracker detailing how auditor time had been spent. Internal Audit have successfully obtained electronic access to documents/audit evidence from auditees and held video meetings via Microsoft Teams.

6. Implications

6.1 Financial implications

The programme of work has been met from within the existing Internal Audit budget. The financial implications of individual audit recommendations are met by local budgets.

6.2 Legal implications

The Local Audit and Accountability Act 2014 sets out the regulatory framework for the audit of local authorities. 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 auditing standards or guidance (Accounts and Audit Regulations 2015 (SI 2015/234), regulation 5). The Public Sector Internal Audit Standards 2017 provide a set of public sector internal audit standards, which are supplemented for local government by CIPFA standard setting guidance.

6.3 Environmental implications

There are no known environmental implications arising from the recommendations in this report.

6.4 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding. A Resident Impact Assessment has not been completed because the decision currently being sought does not have direct impacts on residents.

7. Reason for recommendations

7.1 To note outcomes of delivery of the audit plan at Appendices 1-3.

Appendices:

Appendix 1 – 2020-21 Internal Audit Plan update

Appendix 2 – High priority recommendations

Appendix 3 – Follow Up Outcomes

Final report clearance:

Signed by:

David Hodgkinson



Date:

05/01/2021

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