

**Report of: Corporate Director of Resources**

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s):</b>
Audit Committee	16 <sup>th</sup> March 2021	All

<b>Delete as appropriate</b>		Non-exempt
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**SUBJECT: Internal Audit update – February 2021****1 Synopsis**

- 1.1 Audit Committee requested, at its meeting of 28th July 2020, that an Internal Audit update be included on Committee's agenda as a standing item. The purpose of this standing item is to provide Committee with a summary update on internal audit activity at meetings where Committee does not receive a comprehensive report. The paper is also intended to provide Committee with an insight into internal audit activity that occurs outside the bi-annual reporting cycle.

**2 Recommendations**

- 2.1 Committee is asked to note the update, which includes key activity since the Internal Audit Interim Annual Report, which came to Committee on 25<sup>th</sup> January 2021.

**3 Audit plan 2020-21**

- 3.1 The Internal Audit Annual Report for 2020-21 is tabled for Committee in September 2021. Committee noted the Internal Audit Interim Annual Report on 25th January 2021. Audits continue to be delivered in line with target dates (see Appendix 1 of the report [here](#)).

**4 Follow up activity**

- 4.1 Follow up activity continues to be delivered (see Appendix 3 of the Internal Audit Interim Annual Report [here](#) for details of follow ups scheduled for Quarter 4). A focussed period of follow up activity is planned for April and May 2021.
- 4.2 Additional activity will be driven by the Controls Board (see item 5 below) to regularly revisit any unimplemented actions and close them off outside the formal follow up cycle, where

possible. This will lead to improved oversight over the effectiveness of management responses to audit recommendations.

## **5 Controls Board**

5.1 A Controls Board has been set up and had its inaugural meeting in January 2021. The Director of Finance chairs the Controls Board and its members include Internal Audit and representatives from all directorates. The board's role is to facilitate an ongoing dialogue between Internal Audit and Directorate Management Teams around the progress of the Internal Audit plan. This will cover emerging assurance themes, monitoring of audit actions and escalation of areas of concern.

## **6 Audit plan 2021-22**

6.1 The Internal Audit plan for 2021-22 is being drafted based on the Council's Principal Risk Report to provide assurance over the Council's activities to mitigate Principal Risks. Covid-19 has resulted in shifts in the delivery of services, changes in where and how people work, and resourcing and financial challenges. As a result, a number of new Principal Risks were added to the September 2020 Principal Risk Report. Based on available resource and an Internal Audit assurance map, Internal Audit will aim to provide assurance on the actions to mitigate these through delivery of the audit plan.

6.2 Additional work is being driven by Covid-19 grants from central government departments, some of which require assurance Internal Audit assurance. Internal Audit are working with colleagues in Finance and consulting with other boroughs to ensure that we have a complete picture of which grants require such assurance.

6.3 The plan will also include cyclical audits of schools, Tenant Management Organisations, and key financial systems.

## **7 Annual Governance Statement**

7.1 The 2020-21 Annual Governance Statement will be drafted in Quarter 1 of 2021-22. Planning for this exercise has begun, with particular consideration being given to the assessment of the impact of Covid-19 on governance arrangements.

## **8 Resourcing**

8.1 A new Principal Auditor joined the Internal Audit team in January 2021 and the team now has no vacancies. A fully resourced team will support greater flexibility to respond to emerging risks, and delivery of more timely audit and follow up activity.

## **9 Implications**

### **9.1 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.

### **9.2 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.

### 9.3 **Environmental implications**

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

### 9.4 **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.

## 10 **Reason for recommendations**

10.1 To note key Internal Audit activities since the last update to Committee in January 2021.

Final report clearance:

### **Signed by:**



David Hodgkinson  
26 February 2021

### **Date:**

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