

Leicester City Council Audit & Risk Committee
21st July 2021

Progress against Internal Audit Plans

**Report of Leicestershire County Council's Head of Internal Audit &
Assurance Service**

Purpose of Report

1. The purpose of this report is to provide:
 - a. a summary of progress against the 2020-21 & 2021-22 Internal Audit Plans
 - b. information on resources used to progress the plans
 - c. summary information on high importance recommendations and progress with implementing them

Recommendation

2. That the contents of the routine update report be noted.

Background

3. Under the Council's Constitution, the Audit & Risk Committee (the Committee) has duties to monitor performance against the Internal Audit Plan and to receive summaries of Internal Audit reports and the main issues arising.
4. Most planned audits undertaken are 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. For these audits an assurance level is given as to whether material risks are being managed. There are four levels: full; substantial; partial; and little. 'Partial' ratings are normally given when the auditor has reported at least one high importance recommendation, which would be reported to this Committee and a follow up audit would ensue to confirm action had been implemented. Occasionally, the auditor might report several recommendations that individually are not graded high importance but collectively would require a targeted follow up to ensure improvements have been made.
5. Other planned audits are 'consulting' type, which are primarily advisory and guidance to management. These add value, for example, by commenting on the effectiveness of controls designed before implementing a new system.

6. Grants and other returns are audited, but because these are specific or focused reviews of certain aspects of a process in these cases it is not appropriate to give an assurance level. When they are completed, 'certified' is recorded.
7. Follow up audits relating to testing whether recommendations have been implemented from previous years' audits are undertaken. With this type, assurance levels aren't given because not all of the system is being tested. However, the Head of Internal Audit Service (HoIAS) forms a view on whether the situation has improved since the original audit and that is listed.
8. Work undertaken by the Internal Audit Service (IAS) has continued to be undertaken remotely to follow corporate guidance and ensuring the safety of both staff and clients. The IA plan is statement of intent and remains flexible, to allow for any changes during the course of the year; the impact of COVID 19 in the last financial year saw a number of changes to the plan, with a number of audits being added/cancelled/rescheduled/postponed. Whilst changes are made to the plan, it is essential that the plan continues to have adequate coverage of audits to allow the HoIAS to form their opinion at the year-end.

Summary of progress at 31st May 2021

9. **Appendix 1** reports on the position at 31st May 2021. Updates (i.e. closures, movements in status, new starts and postponements) are shown in a **bold font**. The summary position (with comparison to the previous position as at 31st January 2021) is:

	2020/21 @31/01/21	2020/21 @31/05/21	2021/22 @31/05/21
Outcomes			
High(er) Assurance levels	6	13	0
Low(er) Assurance levels	0	2	0
Advisory	2	3	0
Grants/other certifications	18	22	4
HI follow ups – completed	0	3	0
Audits finalised	26	43	4
HI follow ups – in progress	0	5	0
In progress	21	14	7
Not yet started	14	0	41
Postponed/Rescheduled/ Cancelled	11	23	0

Resources used as at 31st May 2021

To close off 2020- 21 audits and start and progress 2021-22 audits (reported in Appendix 1), and provide additional work relating to requirements such as planning, reporting to Committees etc, by 31st May 2021, Leicester City Council had received 92 days of internal audit input delivered (see below table).

	@31/05/21	@31/05/21
By type	Days	%
Audits	80	87
Client management	12	13
Total	92	100
By position		
HolIAS	2	2
Audit Manager	20	22
Audit Senior (incl. ICT)	13	14
Audit Other	57	62
Total	92	100
Relating to prior years audits	47	51
Relating to audits started 2021-22	45	49
Total	92	100

(*) These days were utilised either concluding previous years audits or following up on the progress made with implementing audit recommendations where low assurance levels had been reported.

Progress with implementing high importance recommendations

10. The Committee is also tasked with monitoring the implementation of high importance (HI) recommendations which primarily lead to low assurance levels. **Appendix 2** provides a short summary of the issues and the associated recommendations. The relevant manager's agreement (or otherwise) to implementing the recommendation(s) and the implementation timescale is also shown. Recommendations that have not been reported to the Committee before or where LCCIAS has identified that some update has occurred to a previously reported recommendation are shown in **bold font**. Entries remain on the list until the HolIAS has confirmed (by gaining evidence or even specific re-testing by an auditor) that action has been implemented.

11. As part of the process of determining his annual opinion, the HoIAS, informed clients that one of the components was how management has responded to implementing high importance recommendations, and (whilst acknowledging it's been a very challenging year all round) he was keen to close off as many of the HI recommendations as possible. Responses have generally been positive but there is recognition that some responses may have to await schools re-opening and some recommendations do require more time to fully implement.
12. To summarise movements within Appendix 2 as at 22nd June 2021:
- a. New – Government Procurement Card (GPC)
 - b. Ongoing - GDPR; Financial Management & School Governance - LA Scheme for the Financing of Schools; Financial Management & School Governance - SEND funding (part);
 - c. Closed – St Barnabas CE Primary; Hazel Community Primary School Concessionary Travel.

Financial Implications:

13. None

Legal Implications:

14. None.

Equal Opportunities Implications

15. There are no discernible equal opportunities implications resulting from the audits listed.

Climate Emergency Implications:

16. None

Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

17. No.

Is this a “key decision”? If so, why?

18. No.

Background Papers

The Constitution of Leicester City Council
Accounts and Audit Regulations (Amendment) 2015
The Public Sector Internal Audit Standards (revised from April 2017)
The Internal Audit Plans 2020-21 and 2021-22

Officer to Contact

Neil Jones, Head of Internal Audit & Assurance Service
Leicestershire County Council
Tel: 0116 305 7629
Email: neil.jones@leics.gov.uk

Appendices

- Appendix 1 - Summary of Internal Audit Service work undertaken between 31st January 2021 – 31st May 2021
- Appendix 2 - High Importance Recommendations as at 22nd June 2021.