

Cherwell District Council

Account Audit and Risk Committee

19 January 2022

Internal Audit Progress Report 2021/22

Report of the Director of Finance

This report is public

Purpose of report

The report presents the Internal Audit Progress report for 2021/22

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the progress with the 2021/22 Internal Audit Plan and the outcome of the completed audits.

2.0 Introduction

- 2.1 This report provides an update on the Internal Audit Service, including resources, completed and planned audits.
- 2.2 Each progress report includes the Executive Summaries from the individual Internal Audit reports finalised since the previous update to the committee and also an update on the implementation of agreed management actions.

3.0 Report Details

Resources

- 3.1 A full update on resources was made to the Accounts, Audit & Risk Committee in June 2021 as part of the Internal Audit Strategy and Plan for 2021/22. There are currently no vacancies within Internal Audit / Counter Fraud.
- 3.2 One of the new Senior Auditors who commenced in November 2020, went on maternity leave from the middle of June 2021. She is due back in quarter 4. We have arranged a temporary resource to cover some of the work, he will be with us from the beginning of January to the end of March 2022.

- 3.3 We are continuing to support team members to complete both the Chartered Internal Audit Qualification and the Certified Internal Audit Qualification. Two of the Senior Auditors have recently passed one of the Certified Internal Audit exams, their studies are continuing. The Audit Manager and other Senior Auditor are due to sit their final exam of the Chartered level in the new year. The Assistant Auditor and Counter Fraud Intelligence Officer are undertaking apprenticeships.

2021/22 Plan Progress

- 3.4 The 2021/22 Internal Audit Plan, which was agreed at the June 2021 Accounts, Audit & Risk Committee, is attached as Appendix 1 to this report. This shows current progress with each audit. The plan and plan progress are reviewed quarterly with senior management.
- 3.5 Since the last update to the September 2021 committee, the audit of GDPR (General Data Protection Regulation) has been completed. The executive summary is included within Appendix 3 to this report.
- 3.6 An amendment to the plan has been agreed with the Director of Finance. The audit of Revenues and Benefits which was planned for quarter 4 has been deferred until quarter 1 of the 2022/23 plan, due to the current work being undertaken to build the new team, since the service has returned to the Council. The reasons for this deferral are explained in more detail in an update provided by management (in the following para's - 3.7 and 3.8). The actions agreed at the last audit are still outstanding. These will be followed up as part of the 2022/23 audit.

Management update re position of Revenues and Benefits Service:

- 3.7 The Revenues and Benefits service returned to the Council on the 8th November. Recruitment to the vacant Revenue and Benefits Officers roles has been successful with staff now undergoing comprehensive systems and legislation training. Consequently, staff are not expected to be fully trained to manage their own workload until March and during this transition period there has been an expected delay in processing work. Agency staff were initially retained to provide support, but the majority have relocated as their contracts have approached their end dates. The delays have been compounded by the influence of the pandemic on service delivery with substantial increases in the receipt of new benefit claims and changes in circumstance, increased and extended test and trace schemes and the introduction of new business grants and changes to business rate relief schemes. The fully trained resources available are prioritised to address the extra workload which has resulted in delays in implementing the agreed management actions from the previous audit.
- 3.8 During December both the Revenues and Benefits Manager and the Benefits and Performance were appointed on a permanent basis although, we are awaiting confirmation of references for the latter. Both employees are actively engaged in managing the previously mentioned work issues and in addition, for the period from January to March 2022 they will be required to oversee and test software releases for annual billing and benefits uprating.

Performance

3.9 The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved for 21/22 audits (as at 30/12/2021)	Comments
Elapsed time between start of the audit (opening meeting) and exit meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	100%	(78% 2020/21)
Elapsed time for completion of audit work from exit meeting to issue of draft report.	15 days	100%	(100% 2020/21)
Elapsed time between issue of draft report and issue of Final Report.	15 days	0%*	(88% 2020/21)

*Based upon the issue of four final reports. Each did not meet PI – exceeded by 1-2 weeks for each report, due to additional time needed with officers to confirm agreement and develop robust action plans. Delays are not considered to be significant, as findings had already been raised through prompt issue of draft reports. Review of PIs planned for start of 2022/23 plan.

3.10 The other performance indicators are:

- % of 2021/22 planned audit activity completed by 30 April 2022 – reported at year end.
- % of management actions implemented – see paragraphs below.

Implementation of Agreed Management –

3.11 Outstanding management actions from 2018/19 and 2019/20 audits were taken over for monitoring from the previous internal audit provider. At the time of reporting to the July 2020 Committee and handover from the previous internal audit provider there were 27 actions still open from 2018/19 and 40 actions still open from 2019/20 audits. As of 30 December 2021, this figure has reduced, there remains 5 open from 2018/19 and 2 open actions from 2019/20. Further detail is recorded in

Appendix 2. These will continue to be reviewed and followed up with senior management throughout 2021.

- 3.12 We agreed a total of 68 actions for the work completed as part of the 2020/21 Internal Audit Plan, 43 of these actions have been implemented and 6 have been superseded. Of the remaining 19 actions, 5 are not yet due for implementation, and 14 have recently become due. For the work completed so far during 2021/22, a total of 38 actions have been agreed. Of these 38 actions, 17 have been implemented, 20 are not yet due, 1 is being implemented – these will be followed up throughout 2021.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report provides a progress update on delivery of the internal audit plan for 2021/22 and provides an update on the implementation of management actions for the committee to consider. The current plan for 21/22 is on target for delivery by the end of April 2022.

5.0 Consultation

Not applicable.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: No alternative options have been identified as this report is for information only.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845
michael.furness@cherwell-dc.gov.uk

Legal Implications

- 7.2 There are no legal implications arising directly from this report.

Comments checked by:

Chris Mace, Solicitor, 07702917916
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Risk Implications

7.3 There are no risk management issues arising directly from this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786

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8.0 Decision Information

Key Decision (N/A)

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

Councillor Tony Ilott – Lead Member for Financial Management.

Document Information

Appendix number and title

- Appendix 1 – Internal Audit Plan 2021/22 – Progress Update
- Appendix 2 – Outstanding Management Actions (as at 02/09/2021)
- Appendix 3 – Executive Summaries of finalised audits

Background papers

None

Report Author and contact details

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