



Richmondshire District Council

Internal Audit Progress Report 2020-21

**Assistant Director-
Audit Assurance:**

Ian Morton

Head of Internal Audit:

Max Thomas

Circulation List:

Members of the Audit, Governance and Standards
Committee
Corporate Director & S151 Officer

Date:

30 March 2021



Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS, the chief audit executive (Head of Internal Audit) must report periodically to the board (Audit, Governance and Standards Committee) on performance.
- 2 Members approved the 2020/21 internal audit plan at their meeting on the 20 July 2020. This plan was amended at the meeting on 29 September 2021 as a result of the impact of the Covid pandemic. The major changes include the inclusion of 35 days to carry out Covid -19 related activities, including an initial Covid-19 fraud risk assessment, and a review of grant related payments and reliefs.

Internal Audit work performed in 2020/21

- 3 This is the second progress report to be received by the committee covering 2020/21 audit work. All work in 2020/21 continues to be carried out remotely. Audit work in some areas has been delayed to allow key officers within the Council to concentrate on the response to the pandemic.
- 4 In the period to 28 February work has commenced on 11 audits, although no audits have been issued in draft at this stage. We have cancelled 2 audits from the plan following requests from service managers and these audits will be included in the 2021/21 plan of work. The remaining two audits to be completed will commence in March 2021. These are the Council Tax and Benefits audits where there have been delays in obtaining IT access to enable the work to be carried out with minimal disruption to service staff. Continued assistance and prioritisation by officers from now until the end of April 2021 is essential to help us complete our plan of work. Details of progress against the plan is shown in appendix A below.
- 5 Veritau officers are involved in a number of other areas relevant to corporate governance including:
 - **Support to the Audit, Governance and Standards Committee;** this is mainly ongoing through our support and advice to members. We facilitate the attendance of managers to respond directly to member's questions and concerns arising from audit reports and the actions that managers are taking to implement agreed actions.
 - **Contractor Assessment;** this work involves supporting the assurance process by using financial reports obtained from Experian (credit rating agency) in order to assess the financial suitability of potential contractors.
 - **Risk Management;** Veritau advise on the Council's risk management arrangements and processes.
 - **Systems Development;** Veritau attend development group meetings in order to ensure that where there are proposed changes to processes or new ways of delivering services, that the control implications are properly considered.

Follow up of agreed actions

- 6 A total of 46 actions were agreed during 2018/19 and 2019/20 audits. Of these, 23 have been followed up with the responsible officers and have been satisfactorily implemented. Follow up is in progress for 22 actions, with revised action dates agreed for 2 actions. The remaining 1 action agreed has not yet been followed up because the target date has not yet passed. A summary of this follow up work is included below:

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	23	0	7	16
Revised date agreed	2	0	0	2
Follow up in progress	22	0	5	17
Not yet followed up	1	0	0	1
Total agreed actions	48	0	12	36

Table of 2020/21 audit assignments to 28 February 2021

Audit	Status	Assurance Level	Audit Committee
Financial Systems			
Council Tax/NNDR			
Benefits			
Creditors	In Progress		
General Ledger	Cancelled		
Payroll	In Progress		
Regularity Audits			
Procurement	In Progress		
Food Hygiene	Cancelled		
Electoral Registration	In Progress		
Council Housing - Rents	In Progress		
Stores	In Progress		
Insurance	In Progress		
Technical/Project Audits			
ICT – Financial Management System	In Progress		
ICT – Office 365 Implementation	In Progress		
Cash Programme	In Progress		
Covid 19 Work	In Progress		

Audit Opinions and Priorities for Actions (2020/21 onwards)

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.