

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

INTERNAL AUDIT UPDATE REPORT

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To provide an update to Members on the progress in delivering the Audit Plan 2019/20, the production of the 2020/21 Audit Plan, and the impact of COVID-19 on the activities of Internal Audit.

2. BACKGROUND INFORMATION

- 2.1 As at 31 March 2020 in terms of time charged 85% of the audit plan had been completed, which was in line with target completion dates. Subsequently COVID-19 has had an impact on the completion of the audit plan for the following reasons:
- for a number of key services their focus has understandably been on dealing with the Council's response and this has delayed the completion of audit work in these areas;
 - audit resource has been prioritised on areas to support the Council's response to COVID-19, such as the distribution of Business Grants where audit has played a key role in carrying out checks on applicants, as well supporting managers in designing control frameworks for new activities such as the shielding hubs, adult social care payments, and support to suppliers; and
 - some schools audits scheduled for late March and early April have been postponed as a result of the partial closure of schools.
- 2.2 Consequently, although a substantial amount of the audit plan has been completed and reported as shown on the attached table, there is still some work that requires completion. The intention is to complete, and report on, as much of the outstanding work by 30 June and present a draft Head of Internal Audit Annual Report and Opinion to the Audit Committee at its meeting on 8 July 2020, with a final version to be presented alongside the final Annual Governance Statement.

2.3 In relation to the 20/21 audit plan although a draft was ready for consultation with Directors in mid-March, due to the COVID-19 virus work was subsequently suspended on it. The consultation has now been resumed, and it is intended that work relating to the 2020/21 audit plan will begin by 1 June 2020. The plan will be circulated to Members and be included in the agenda for its 8 July 2020 meeting. Due to the uncertainty resulting from the virus and the new risks arising from it this plan is likely to be subject to greater review and change than would usually be the case.

3. OPTIONS FOR CONSIDERATION

3.1 The Committee is asked to consider the content of this report and is invited to ask questions about the contents of the report and seek clarification as necessary.

4. ANALYSIS OF OPTIONS

4.1 The report is designed to provide the Committee with an update on the delivery of the 2019/20 audit plan and the impact of COVID-19 on Internal Audit activity and priorities.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1 There are no specific resource implications in relation to this report

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 Decisions arising from this report have no implications on crime and disorder pursuant to section 17 of the Crime & Disorder Act 1998.

6.2 There are no equalities issues arising from this report in relation to the Equalities Act 2010.

6.3 There are no environmental implications or significant risks arising from this report.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1 An Integrated Impact Assessment is not required.

8. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

8.1 This report has not been subject to consultation. There are no interests requiring declaration in relation to it.

9. **RECOMMENDATIONS**

9.1 That the Audit Committee considers the assurance provided by this report on the delivery of the 2019/20 audit plan and the assurance provided on the Council's reports provided by the completed audit reports.

DIRECTOR: GOVERNANCE AND PARTNERSHIPS

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Date: 12 May 2020

Background Papers used in the preparation of this report – None

Audit work contributing to the 1819 audit opinion

| Audit Assignment | Service Area | Assurance | Residual Risk | Comments |
|---|-------------------------------------|---------------------|----------------------|--|
| Strategic Risks and operational risks | | | | |
| Adult Social Care Top Ups | Adults & Community Wellbeing | Satisfactory | Low | |
| ASCF financial Management Processes Follow up | Adults & Community Wellbeing | | | We have not provided an overall assurance level for our work to reflect that the system is undergoing transformation and redesign. Instead provided an update of risks identified from previous reports. Most of these actions will be considered through the review currently taking place. |
| Capital programme | Governance and Partnerships | | | In March 2019, the council approved the capital investment strategy, which provides the governance framework for all capital investment decisions. The framework has been designed to ensure that the capital programme is not only completed to time, quality and to budget, but is also linked to the council's strategic outcomes. It was agreed that it would be more appropriate to review the design and compliance with the revised process during 2019/20. |
| Cemeteries and crematoria | Operations | Satisfactory | Low | |
| Community Funding Grants | Adults & Community Wellbeing | Substantial | Low | |
| Community Safety | Children's and Community resilience | | | Full audit was not completed due to recent review undertaken by lead partner (Humberside Police) |
| Critical assets- property | Operations | Satisfactory | Medium | |
| Counter fraud arrangements | Governance and Partnerships | Satisfactory | Medium | |
| Data quality Child Care | Children's and Community resilience | | | The audit was not completed due to positive results at a recent Ofsted inspection on which we could place reliance |
| Deprivation of liberty | Adults & Community Wellbeing | Satisfactory | Medium | |
| Early Years | Learning, Skills and Culture | Substantial | Low | |
| Elections | Governance and Partnerships | Substantial | Low | |
| Enforcement | Operations | Substantial | Low | |
| External Funding | Business Development | | | The strategic approach to external funding was in development and therefore it was agreed that this work would be deferred until once the new governance arrangements are in place. Some of the audit time was spent providing advice and assurance on arrangements for the Community Led Local Development Programme |
| Financial sustainability | Governance and Partnerships | Satisfactory | Medium | |
| Freedom of information | Governance and Partnerships | Satisfactory | Medium | |
| Grant claims | Governance and Partnerships | Satisfactory | Low | |
| Highway and Local Transport Plan | Operations | Satisfactory | Medium | |

| Audit Assignment | Service Area | Assurance | Residual Risk | Comments |
|---|-------------------------------------|--------------|---------------|---|
| Homelessness | Operations | Satisfactory | Low | |
| Leader programme | Business Development | Satisfactory | Low | |
| Lone working - Integrated Commissioning and Prevention | | | | Advisory piece of work to provide independent assurance that local procedures in place and were in line with corporate policy and sufficient to safeguard staff. |
| Mental Health | Adults & Community Wellbeing | Satisfactory | Medium | |
| Partnership Governance - Education | Learning, Skills and Culture | Satisfactory | Low | |
| Performance Management | Governance and Partnerships | | | During 2018/19 the Council revised the design of its performance management arrangements so that they aligned with the revised Council Plan. Although it was agreed that it was too early to provide assurance on the operation of the new arrangements, audit reviewed their design and found that they were comprehensive and should be able to provide Members and senior management with the assurance they require to monitor the delivery of strategic outcomes |
| Planning and Building Control | Operations | Substantial | Low | |
| Risk Management arrangements | Governance and Partnerships | Substantial | Low | |
| Role Of DCS | Children's and Community resilience | Substantial | Low | |
| Special Schools Funding | Learning, Skills and Culture | | | Introduction of national funding formulae for schools, high needs and central school services brings changes, which means that it is no longer beneficial to complete the audit as originally defined. Audit to be redefined following the introduction of new high needs guidance. |
| Street Lighting | Operations | Satisfactory | Low | |
| Transformation Programme | | | | 2018/19 has seen significant progress in the implementation of the Council's transformation programme. No issues requiring reporting in HOIA report |
| Transparency | Governance and Partnerships | Substantial | Low | |
| Troubled Families | Children's and Community resilience | | | Advisory work to support team with accessing data/formatting to ensure maximum claims are submitted during the time frames. |
| Young Carers | Learning, Skills and Culture | Substantial | Low | |
| Financial systems | | | | |
| Debtors | Governance and Partnerships | Satisfactory | Medium | |
| Creditors | Governance and Partnerships | Substantial | Low | |
| eFinancials | Governance and Partnerships | Substantial | Low | |
| Payroll | Governance and Partnerships | Satisfactory | Low | |
| Treasury Management | Governance and Partnerships | Substantial | Low | |
| Local Taxation, Housing Benefits and Council tax Support Scheme | Governance and Partnerships | Substantial | Low | |
| ICT | | | | |
| GDPR | Governance and Partnerships | Satisfactory | Low | |

| Audit Assignment | Service Area | Assurance | Residual Risk | Comments |
|--|------------------------------|--------------|---------------|----------|
| Social media | Business Development | Satisfactory | Medium | |
| Human Resources | | | | |
| IFR35 | Business Development | Satisfactory | Low | |
| Apprenticeships | Business Development | Satisfactory | Medium | |
| Sickness Absence | Business Development | Satisfactory | Medium | |
| Procurement | | | | |
| Procurement- counter fraud processes | Governance and partnerships | Substantial | Medium | |
| Sexual Health | Public Health | Substantial | Medium | |
| Home Care Commissioning | | Substantial | low | |
| Follow up | | | | |
| Community Meals follow up | Business Development | Limited | Low | |
| Kaleidoscope follow up | Operations | Satisfactory | Medium | |
| Fleet Management follow up | Operations | Satisfactory | Medium | |
| Schools | | | | |
| Burton upon Stather Primary | Learning, Skills and Culture | Satisfactory | Low | |
| Alkborough Primary | Learning, Skills and Culture | Satisfactory | Low | |
| Barton St Peters | Learning, Skills and Culture | Satisfactory | Medium | |
| Bowmandale Primary | Learning, Skills and Culture | Satisfactory | Low | |
| Eastoft Primary | Learning, Skills and Culture | Satisfactory | Low | |
| Goxhill and East Halton Primary Schools' Federation | Learning, Skills and Culture | Satisfactory | Medium | |
| Gunness & Burringham C of E Primary | Learning, Skills and Culture | Satisfactory | Low | |
| Haxey C of E Primary | Learning, Skills and Culture | Satisfactory | Low | |
| Holme Valley Primary | Learning, Skills and Culture | Satisfactory | Low | |
| Leys Farm Infant | Learning, Skills and Culture | Satisfactory | Low | |
| Priory Lane Community School | Learning, Skills and Culture | Satisfactory | Low | |
| St Peter's & St Paul's Primary | Learning, Skills and Culture | Satisfactory | Low | |
| The Bridge Federation (Winteringham & South Ferriby Primaries) | Learning, Skills and Culture | Satisfactory | Medium | |
| Westcliffe Primary | Learning, Skills and Culture | Satisfactory | Low | |
| Winterton C of E Infant | Learning, Skills and Culture | Satisfactory | Low | |
| Probity audits | | | | |
| Imprest Account- civic centre | Governance and Partnerships | Satisfactory | Low | |
| Imprest - Hewson House | Operations | Satisfactory | Low | |
| Water's Edge Visitor Centre | Business Development | Satisfactory | Low | |
| Imprest - Library Book Fund | Learning, Skills and Culture | Satisfactory | Low | |
| Leisure Service - Income | Learning, Skills and Culture | Satisfactory | Medium | |