

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	24 March 2022
<b>Subject:</b>	Internal Audit Plan Monitoring Report
<b>Report of:</b>	Chief Audit Executive (Head of Corporate Services)
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member Corporate Governance
<b>Number of Appendices:</b>	One

## **Executive Summary:**

The monitoring report provides the Audit and Governance Committee with an overview of the internal work completed or in progress now resources have been released from the COVID-19 business cell. The report should provide confidence to Members that the foundations are now in place for the successful re-establishment of the internal audit function in 2022/23. Attached at Appendix 1 is the audit opinion for the first assurance assignment undertaken to date.

## **Recommendation:**

**To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.**

## **Reasons for Recommendation:**

The Public Sector Internal Audit Standards (PSIAS) state that the Chief Audit Executive (CAE) must report functionally to the board. This includes reporting on Internal Audit's activity relative to its plan.

## **Resource Implications:**

None arising directly from this report.

## **Legal Implications:**

By monitoring the implementation of their recommendations, Internal Audit assist the Council to minimise risk areas and thereby reduce the prospects of legal challenge.

## **Risk Management Implications:**

If the CAE does not report functionally to the board then this does not comply with PSIAS.

If there are delays in response to the acceptance or implementation of internal audit recommendations, this potentially increases the risk of fraud, error, inefficiency or areas of non-compliance within the systems audited.

**Performance Management Follow-up:**

All internal audit recommendations are followed-up within appropriate timescales to give assurance they have been implemented. Where a recommendation has not been implemented and it has missed two agreed implementation dates then a responsible officer must attend Committee to answer any questions that arise.

**Environmental Implications:**

None.

**1.0 INTRODUCTION/BACKGROUND**

**1.1** It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that the Chief Audit Executive (Head of Corporate Services) reports formally to the 'board' (Audit and Governance Committee) on the work of internal audit. The monitoring report provides the Audit and Governance Committee with an overview of the work completed by internal audit. This includes a level of assurance as to how well the internal control environment is managed for each audit assignment undertaken. The report also provides an overview of the progress in implementing internal audit recommendations that were due for completion.

**1.2** The monitoring report provides the Audit and Governance Committee with an overview of the internal work completed or in progress now resources have been released from the COVID-19 business cell. The report should provide confidence to Members that the foundations are now in place for the successful re-establishment of the internal audit function in 2022/23. Attached at Appendix 1 is the audit opinion for the first assurance assignment undertaken to date.

**2.0 INTERNAL AUDIT COVID-19 RECOVERY PLAN PROGRESS**

**2.1** It is positive to report that the internal audit function is now resourced to deliver its operational requirements. Within the Council's Corporate COVID-19 Recovery Plan is an action '*Ensure the effective recovery of the internal audit function*'. This was also identified within the Council's Annual Governance Statement (AGS) as a significant governance issue. As the action sits within the recovery plan, this is monitored through a recovery tracker document that is reported to Overview and Scrutiny Committee on a quarterly basis. The report to Overview and Scrutiny committee on 8 March 2022 confirmed the completion of this action.

**2.2** To give assurance to Members the internal audit function is re-established, since the last Audit and Governance Committee meeting held on 15 December 2021, the following has taken place:

- As reported to Committee, all previous internal audit recommendations have been reviewed, their status established and new implementation dates agreed where appropriate. Initial follow-up work has commenced.
- A new 12 month Internal Auditor post has been successfully recruited to and the postholder commenced work in February 2022.
- The team's Quality Assurance and Improvement Programme (QAIP) has been reviewed and updated and will be presented to Committee for consideration on 24 March 2022.

- The establishment of a six monthly audit plan (April - September 2022). This will be presented to Committee for approval on 24 March 2022.
- Internal audit work has commenced. The attached appendix is evidence of this.
- A further £10,000 was approved within the 2022/23 budget setting to support the delivery of technical ICT audits.

### **3.0 COMPLETED AUDIT ASSIGNMENTS FOR THE PERIOD**

**3.1** When reporting, a 'split' opinion can be given. This means an individual opinion is given for each risk category identified. This approach enables Internal Audit to identify to management specific areas of control that are operating or not. Assurance opinions are categorised as 'substantial, reasonable, limited, no assurance'. Two audits have been completed to date – creditor's (payment of supplier invoices) and a COVID-19 grant related audit (specific to enforcement and compliance). The audit opinions can be found in Appendix 1. Consultancy and improvement work undertaken in the period is also included within the appendix, as is any follow-up work. It is also positive to report that another audit – sundry debtors is at practical completion stage. The outcome of this audit will be reported at the next Committee meeting.

### **4.0 OTHER OPTIONS CONSIDERED**

**4.1** None.

### **5.0 CONSULTATION**

**5.1** All managers are consulted prior to the commencement of the audit to agree the scope and each manager has the opportunity to comment on the draft report and complete a client survey at the end of the audit. The status of audit recommendations is reported on a regular basis to Corporate Management Team.

### **6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

**6.1** Internal Audit Charter and Internal Audit Annual Plan.

### **7.0 RELEVANT GOVERNMENT POLICIES**

**7.1** None.

### **8.0 RESOURCE IMPLICATIONS (Human/Property)**

**8.1** None.

### **9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**

**9.1** None.

### **10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**

**10.1** Internal Audit contributes to VFM through their improvement work.

## **11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

**11 .1** None.

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**Background Papers:** None

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**Appendices:** Appendix 1 – Completed audit opinions