**Report of Corporate Assurance Manager**

**To**

**GOVERNANCE AND STANDARDS COMMITTEE**

**On**

**23 June, 2021**

# **INTERNAL AUDIT PLAN FOR 1st QUARTER – PROGRESS STATEMENT & PROPOSED INTERNAL AUDIT PLAN FOR 2nd QUARTER OF 2021/2022**

##### **SUMMARY**

* 1. The report details the progress that has been made in delivering the approved Audit Plan for the period 1 April - 30 June 2021.

1.2 The proposed Internal Audit Plan (Plan) for the period 1 July – 30 September 2021 is enclosed as Table 1 for approval.

#### **2 RECOMMENDATIONS**

1. That the position statement detailing the progress made in achieving the Internal Audit Plan for the period 1 April – 30 June 2021 be noted.
2. That the proposed Internal Audit Plan for the period 1 July – 30 September 2021 be approved

#### **3 BACKGROUND**

**Progress Statement**

3.1 Table 1 below details the progress made in delivering the Internal Audit Plan covering the period 1 April – 30 June 2021 that was approved by the Governance and Standards Committee on 17 March 2021.

3.2 The reasons for any significant variances between the planned and actual days spent on areas of audit activity are detailed in the “Notes” section of Table 1, along with proposed actions to address any shortfalls in delivery.

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| **Table 1: Delivery of Internal Audit Plan for 1 April – 30 June 2021 – Position Statement as at 7 June 2021**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Priority** | **Title** | **Key Areas: Assurance / Risk / Performance Validation** | **Days Allocated** | **Days Spent** | |  | **Corporate Assurance** | | | | | High | Corporate Risk & Opportunity Management | Review of the Council’s Corporate Risk and Opportunity Management strategy and the Strategic Risks & Opportunities Register | 4.00 | -  (Note 1) | | High | Procurement Arrangements | Compliance with the Council’s Contract Procedure Rules and accompanying procurement guidance / effective delivery of client management arrangements in respect of the contract with Nottingham City’s Procurement Service / effective implementation of the Council’s Procurement Strategy / delivery of training | 10.00 | 3.00  (Note 2) | | High | Governance & Standards Committee Support & Member Training | Reports for Committee / attendance at meetings, follow up of audit recommendations / training of members on relevant governance issues / responses to member questions | 3.00 | 3.25 | | High | Governance Reviews & Assurance Framework | Assessment of compliance with the Council’s Code of Corporate Governance / preparation of Annual Governance Statements / evaluation of the Council’s ethical governance arrangements | 5.00 | 5.50 | | High | Counter Fraud Arrangements & NFI | Assessment of the Council’s counter fraud arrangements / Development of Corporate Counter Fraud Plan / delivery of Internal Audit’s counter fraud testing programme which is linked to the Council’s Fraud Risk Register / key contact responsibilities for NFI | 5.00 | 1.50  (Note 3) | |  | **Integrity of Management Information** | | | | | High | Housing Benefit Subsidy Claim | Validation of key controls in Benefits system / transactional testing/ support to external claim auditors | 20.00 | 6.00  (Note 4) | |  | **Support & Development** | | | | | - | Covid-19 Related / Consultancy & Special Investigations | Support to management as required as part of Covid-19 recovery period / end of year close down / professional independent advice on audit / governance arrangements as required by Council Rules and Regulations or requested by management  Completion of 2020/2021 planned reviews to inform the Corporate Assurance Manager’s opinion & Annual Governance Statement  Special investigations carried out into alleged instances of fraud / corruption or financial malpractice | 25.00 | 15.25 |   Notes   |  |  | | --- | --- | | No. | Reason for Significant Difference / Action to be Taken | | 1 | This allocation will be used during the period 14 – 30 June 2021 to carry out a review of the Council’s Corporate Risk and Opportunity Management Strategy and the Strategic Risks & Opportunities Register with a report to the Governance and Standards Committee on 14 July 2021 | | 2 | This allocation will be fully used during the period 7 – 30 June finalising the review of the Council’s Contract Procedure Rules (CPRs) with the revised CPRs being presented to the Governance & Standards Committee on 14 July 2021 | | 3 | This allocation will be fully used during the period 7 – 30 June on the National Fraud Initiative and delivery of the approved Counter Fraud and Corruption Plan for 2021/2022 | | 4 | This allocation will be used during the period 7 – 30 June progressing the validation work, with further days required in the next quarter of 2021/2022 to complete the internal exercise and support the external audit of the claim by KMPG | | | | | | |  |
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**Proposed Internal Audit Plan**

3.3 The Plan detailed in Table 2 below has been compiled by the Corporate Assurance Manager in accordance with the approved Internal Audit Charter to ensure compliance with the Public Sector Internal Audit Standards.

3.4 The Plan has been compiled using the flexible approach that was adopted during 2020/2021 and has been produced using the following supporting evidence:

* Internal Audit’s risk assessment module as at June 2021
* Assurance mapping of strategic risks
* Consultation with the Corporate Leadership Team
* External Audit’s Horizon Scanning report
* Benchmarking of other authorities Audit Plans

3.5 The focus of audit resources will continue to be on validation of the latest tranche of Covid-19 business grants and finalisation of the annual validation of the Benefit Subsidy Claim.

**Table 2: Proposed Internal Audit Plan for 1 July – 30 September 2021**

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| --- | --- | --- | --- | --- |
| **Priority** | **Title** | **Key Areas: Assurance / Risk / Performance Validation** | **Timing** | **Days Allocated** |
|  | **Corporate Assurance** | | | |
| High | Corporate Risk & Opportunity Management | Review of the Council’s Corporate Risk and Opportunity Management strategy and the Strategic Risks & Opportunities Register | July 2021 | 3.00 |
| High | Procurement Arrangements | Compliance with the Council’s Contract Procedure Rules / effective delivery of client management arrangements in respect of the contract with Nottingham City’s Procurement Service / effective implementation of the Council’s Procurement Strategy with particular focus upon social value / delivery of training | Whole period | 8.00 |
| High | Governance & Standards Committee Support & Member Training | Reports for Committee / attendance at meetings, follow up of audit recommendations / training of members on relevant governance issues / responses to member questions | Whole Period | 7.00 |
| High | Counter Fraud Arrangements | Delivery of Counter Fraud & Corruption Plan / key contact responsibilities for NFI | Whole Period | 10.00 |
|  | **Integrity of Management Information** | | | |
| High | Housing Benefit Subsidy Claim | Validation of key controls in Benefits system / transactional testing/ support to external claim auditors | July 2021 | 15.00 |
|  | **Support & Development** | | | |
| - | Covid-19 Related / Consultancy & Special Investigations | Support to management as required as part of Covid-19 recovery period / certification of grants / professional independent advice on audit / governance arrangements management  Special investigations carried out into alleged instances of fraud / corruption or financial malpractice | Whole Period | 20.00 |

#### **4 OPTIONS AVAILABLE**

Position Statement

#### 4.1 The option available is to note the position statement.

Proposed Internal Audit Plan

4.2 The option available is to approve the Plan or agree amendments to it

**5** **RISK ASSESSMENT OF RECOMMENDATIONS AND OPTIONS**

5.1 The Public Sector Internal Audit Standards will not be fully complied with unless the Corporate Assurance Manager produces an Internal Audit Plan and gets it approved by the Governance & Standards Committee

#### **6 ALIGNMENT TO COUNCIL PRIORITIES**

6.1 The need to maintain an effective Internal Audit Service is fundamental to any Council as it endeavours to achieve its priorities.

#### **7 IMPLICATIONS**

(a) Relevant Legislation

Regulation 5 of the Accounts and Audit Regulations 2015 specifically requires that a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

(b) Human Rights

The Human Rights Act 1998 is not engaged as no particular individual is directly affected by the decision

(c) Equality and Diversity

An initial impact assessment has been completed and it concludes that the proposed actions are fair and equitable in their content and are not discriminative on the grounds of equality and human rights

(d) Climate change and environmental sustainability

The proposed actions in the report do not have any environmental implications and have no effect on the climate

(e) Crime and Disorder

There are no implications for crime and disorder

(f) Budget/Resource

There are no implications

**8** **COMMENTS OF STATUTORY OFFICERS**

Monitoring Officer – No specific comments

Deputy Section 151 Officer – No specific comments

**9 CONSULTATION**

9.1 No additional consultation has taken place

**10** **BACKGROUND PAPERS**

None

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