

Eastern Internal Audit Services



North Norfolk District Council

Progress Report on Internal Audit Activity

Period Covered: 19 September to 25 November 2020

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
 - Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from those audits; and
 - Performance to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 4 August 2020, the revised Internal Audit Plan 2020/21 for the year was approved due to unprecedented circumstances surrounding the Coronavirus Pandemic. Since the last Committee meeting there has been no further changes made to the revised internal audit plan.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits within the financial year to date is shown in **Appendix 1**. This shows that progress is in line with expectations.
- 3.2 In summary, 57 days of programmed work has been completed, equating to 43% of the revised Internal Audit Plan for 2020/21.
- 3.3 The Executive Summary of all reports finalised in this period can be found at **Appendix 2**.

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage

risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed. These set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

- 4.4 During the period covered by the report no Internal Audit reports have been finalised. The Executive Summary of final reports are attached at **Appendix 2**, a full copy can be requested by Members.

5. PERFORMANCE MEASURES

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA is reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.

- 5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Internal Audit Manager to ensure that appropriate action is taken.

- 5.3 Quarter two of the 2020/21 Internal Audit plan has now been completed and a report on the performance measures provided to the Head of Internal Audit. Performance is currently at green status with targets having been satisfactorily met.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
TOTAL		0	0	0							
Quarter 2											
Assurance Mapping	NN2101	8	8	8	Draft Report						
TOTAL		8	8	8							
Quarter 3											
Corporate Governance	NN2102	4	8	8	Draft Report						
Accounts Payable	NN2103	12	12	8	In progress						
Council Tax and NNDR	NN2104	15	15	12	In progress						
Local Council Tax Support and Housing Benefit	NN2105	15	15	12	In progress						
Payroll and HR	NN2106	15	15	2	In progress						
Procurement Contract Management	NN2107	10	10	5	In progress						
TOTAL		71	71	0							
Quarter 4											
Key Controls and Assurance	NN2108	10	10	0	Being scheduled						
Coronavirus Response and Recovery	NN2109	15	15	0	Being scheduled						
Private Sector Housing DFG	NN2110	10	10	0	Being scheduled						
TOTAL		35	35	0							
IT Audits											
Remote Access	NN2111	10	10	0	Being scheduled						
TOTAL		10	10	0							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Follow Up											
Follow Up	NA	5	5	2	In progress						
TOTAL		5	5	2							
TOTAL		129	129	57			0	0	0	0	
Percentage of plan completed				43%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

No final reports to date