

Eastern Internal Audit Services



North Norfolk District Council

Progress Report on Internal Audit Activity

Period Covered: 16 June 2021 to 20 September 2021

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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 audits; and
 - Performance to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 No significant changes have been made to the plan since its approval on 15th June 2021.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary 35 days of programmed work has now been completed, equating to 21% of the Internal Audit Plan for 2021/22.

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 final Internal Audit reports have been issued. Quarter two work is being progressed and it is expected that allocated work will be at draft stage by quarter two deadline of 14 October 2021. One report, Income has been issued to management and is awaiting responses before being finalised.

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 Progress delays continue to be closely observed and regular meetings are held with the contractor to ensure that assigned work is completed in line with expectations and agreed timeframes. Achievement of performance measures will be reviewed following receipt of the first performance report, due 15 working days after the end of quarter two.

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 2											
Performance Management, Corporate Policy and Business Planning	NN2203	10	10	8	Draft report in progress.						
Counter Fraud and Corruption	NN2204	8	8	6	Fieldwork complete, report stage						
Income	NN2208	7	7	6	Draft report issued 17 September 2021						
COVID-19 Business Grants	NN2209	8	8	4	APM issued 5 August 2021. Audit in progress						
Environmental Health	NN2214	12	12	6	APM issued 5 August 2021. Audit in progress						
TOTAL		45	45	30							
Quarter 3											
Annual Governance Statement	NN2201	8	8	1	APM issued 8 September 2021						
Project Management Framework	NN2205	8	8	0							
Accountancy Services	NN2206	16	16	0							
Accounts Receivable	NN2207	10	10	0							
Waste Management	NN2213	10	10	0							
Customer Services	NN2210	10	10	0							
TOTAL		62	62	1							
Quarter 4											
Key Controls and Assurance	NN2201	15	15	0							
Economic Growth	NN2211	10	10	0							
Environmental Charter	NN2212	8	8	0							
TOTAL		33	33	0							
IT Audits											
Information Management	NN2015	10	10	0							
Change Control and Patch Management	NN2016	10	10	0							
TOTAL		20	20	0							
Follow Up											
Follow Up	N/A	10	10	4							
TOTAL		10	10	4							
TOTAL		170	170	35			0	0	0	0	
Percentage of plan completed				21%							