

Internal Audit Progress Report



City of Lincoln Council January 2021

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The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Introduction

The purpose of this report is to:

- Provide details of audit work during the period December 2020 – January 2021
- Advise on progress with the 2020/21 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

In this period we have completed an update of the IT Assurance Map and an update of the wider Assurance Map for the whole Authority is in progress.

We have not completed any assurance reviews.

Audit Plan completion at the end of December is 59% against the target of 65%

20/21 planned work will continue to the end April 2021 – this has been accounted for in the completion figure above.

Assurances

No assurance reviews have been completed in this period.

Consultancy – IT Assurance Map (Combined Assurance)

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.



Consultancy

We have reviewed and updated the assurance map for ICT (separate to the combined assurance exercise) . We have also reviewed key actions from the last exercise.

There has been some progress since March 20 but due to Covid and other priorities some actions have been deferred.

Actions are linked to IT projects (reported into the Technology Board) or to the draft IT risk register; this went to CLT in December 2020 and will be reviewed again in January 2021.

Some of the key actions from the assurance map include:

- Completion of the draft IT risk register and regular review by CLT as the (IT security) governance Board (Final version February 2021)
- Completion of the IT security policy and standards (March 2021)
- Completion of the Hamilton House infrastructure project to improve DR and allow an update of the IT DR plan (March 2021 and June 2021)
- PSN (public services network) compliance (June 2021)
- Completion of existing audit recommendations, including anti-malware (various/2021)
- “Cyber essentials” assessment completion (March 2021)

The two areas that are now red, moving from amber, are linked to resources, which are flagged as a red risk on the IT risk register. This is being managed through the Technology Board and the usual budget processes.

Other work

Work in Progress

- All Weather Pitches (Consultancy) – fieldwork stage. Delayed due to Covid
- Rogue Landlord PIR (Consultancy) – fieldwork stage. Delayed due to Covid
- Covid-19 Assessment – fieldwork has been completed and the report is being agreed.
- Council Tax key controls – fieldwork has been completed and the report is being agreed.
- Western Growth – fieldwork stage..
- NNDR – fieldwork stage
- ICT - Microsoft 365 – fieldwork stage (January 2021)
- ICT - Programme and project management – terms of reference agreed

Other work

- Combined Assurance

The annual process to refresh the Council's Combined Assurance Map and produce a Report is ongoing. Questionnaires have been returned by service managers, discussions have been held with Assistant Directors and a report is being produced

Non-Audit Work

The team are no longer involved in processing Business Grants. Advice and guidance will continue to be provided in this area where required.

Benchmarking



Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

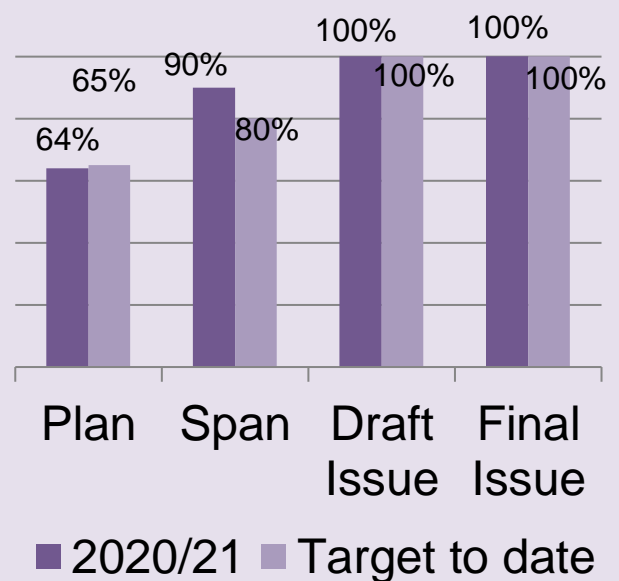
Performance on Key Indicators (2020/21)

100%
Rated our
service **Good**
to **Excellent**

(This is based on 19/20 work – will be updated as feedback is received on 20/21 audits)

**Achievement
of Audit KPI's
to date**

(Span, Draft Issue & Final Issue figures are based on 19/20 work – these will be updated as 20/21 audits are completed)



Other matters of interest

A summary of matters that will be of particular interest to Audit Committee Members.

The Head of Internal Audit's Annual Opinion **The Head of Internal Audit's Annual Opinion**

CIPFA have issued recent guidance on the 20-21 HIA opinion as follows:

Your head of internal audit is required by the Public Sector Internal Audit Standards (PSIAS) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Usually this is presented in an internal audit annual report to the audit committee following the end of the year to which it relates. The annual opinion should be used to inform the organisation's annual governance statement which is published alongside the financial statements. The internal audit annual report should also include a statement on conformance with PSIAS and the results of the quality assurance and improvement programme of the year. Issues for 2020/21

The impact of COVID-19 on internal audit will have been significant for all internal audit teams. As a result you may already be aware of changes to internal audit plans and possibly some changes to internal audit resources. For some heads of internal audit there will be concerns whether sufficient internal audit work will be completed to support issuing an opinion in accordance with the professional standards. For this reason CIPFA has decided to issue guidance about the annual opinion for 2020/21.

The guidance is aimed at the leadership team and audit committee, who are the main recipients of the annual opinion, as well as the head of internal audit who must present it. It should be followed therefore by all responsible for internal audit in local government.

One of the requirements of the PSIAS is that where the head of internal audit believes that the level of internal audit resources will impact adversely on the annual opinion they must raise it. CIPFA would like to see early discussions with the audit committee so that options for mitigating action can be discussed and agreed.

It is felt that the revised plan, together with work on Combined Assurance, will ensure there is no significant impact on the annual opinion linked to governance, risk management and internal control.

Other matters of interest

A summary of matters that will be of particular interest to Audit Committee Members.

National Fraud Initiative 2020 Report England

The Cabinet Office has reported the latest results from the National Fraud Initiative in England.

Latest figures show that between April 2018 and April 2020, a total of £245 million of fraud and overpayments was detected across the UK, taking the total figure identified since 1996 up to £1.9 billion. The most common cases included the abuse of housing benefits, with £26.3 million of fraud found between 2018 and 2020 and claims for single person council tax discounts, with £17.2 million of fraudulent claims detected over the same period. Further investigations over the past two years resulted in 6,092 false applications made by people across the country being removed from housing waiting lists. Other common frauds include the abuse of disabled parking badges and subsidised travel cards. Between 2018 and 2020, investigations led to 151,815 travel passes and 46,750 blue badges being cancelled. <https://tinyurl.com/y6yagbea>

Recent public interest reports and S114 notices

Audit committee members are likely to be aware of recent developments where the London Borough of Croydon has issued two s114 notices. In addition a public interest report was issued by their external auditor. A Report in the Public Interest was also issued by the auditor of Nottingham City Council in respect of the council's energy company. While these developments will reflect local factors it is useful for audit committee members to be aware of any 'lessons learned' that could be relevant for their organisation. <https://tinyurl.com/yxesqlql>

Financial scrutiny practice guide

The Centre for Public Scrutiny and CIPFA have released a new guide for local authorities in England to support effective financial scrutiny following the COVID-19 pandemic. <https://www.cipfa.org/policy-and-guidance/reports/financial-scrutiny-practice-guide>

High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Low

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

An update will be provided to the next meeting in March.

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Covid-19 Assurance (NEW)	Determine any impacts on the risk & control environment.	Sept 20	Sept 20		In progress
Finance & Accounting	Budgetary control key controls	Mar/April 21			
Creditors	Risk Based Audit	January 21			
Debtors	Risk Based Audit	January 21			
Business Continuity / IT Disaster Recovery	Follow up of 2017/18 audit	See comment			IT DR project will complete in August 2021; audit delayed until the 21-22
NNDR	Risk Based Audit	Nov 20			In progress
Council Tax	Key Controls	Nov 20			Draft report
Housing Benefit & CTS	Risk Based Audit	Mar 21			
Partnerships	Annual assurance report to Audit committee	Feb 21			
ICT 1	IT security - Combined Assurance follow up	Dec 20	Dec 20	Jan 21	
ICT 2	Office 365	Jan 21	Jan 21		
ICT 3	Programme management	Jan 21			
De Wint Court	Risk management support	-			Ongoing support
Health & Safety	Risk assessment	Mar 21			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Growth & Regeneration	Town Deal Governance	Jan 21			
Western Growth	Risk based audit	Oct 20	Oct 20		In progress
Counter Fraud	NFI Risk Register update Strategy update Strategy action plan	Oct 20 Jan 21 Mar 21 Mar 21			In progress Completed
Governance	Annual assurance work	Mar 21			
Risk Management	Annual assurance work	Mar 21			
Combined Assurance	2020/21 report	Nov 20	Nov 20		In progress
Annual Internal Audit Report	2019/20 report				Completed
IA Strategy & Planning	2021/22 Audit Plan	Feb 21			
<u>Additional Work</u>					
Rogue Landlord Project	Post Implementation Review	Oct 20	Oct 20		In progress Delay due to Covid
Self Isolation Payments	Advice & support				Completed
Local Restrictions Support Grant	Assist the Business Cell with grant processing				Completed