

Internal Audit Progress Report

To: Audit & Accounts Committee

Date: 22nd July 2022

From: Mairead Claydon, Acting Head of Internal Audit and Risk Management

1. Purpose

- 1.1 To report on the main areas of audit coverage for the period to 11th July 2022.
- 1.2 Audit & Accounts Committee is requested to review and comment on the proposed plan of Internal Audit work for the next four quarters, outlined at Section 6 of the report.

2. Background

- 2.1 The role of Internal Audit is to provide the Audit Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 2.2 The Annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process. More information on this approach is available at Section 6 of the main report, which presents the proposed flexible audit plan for the next four quarters.

3. Outstanding Audit Actions

- 3.1 Annex B details all 47 outstanding audit recommendations as at 7th July 2022 when this report was produced. Narrative updates on actions where the current target date is after 7th July have not been followed-up by Internal Audit in this reporting cycle, and will be reported in the next Progress Report.
- 3.2 There is only one current outstanding 'Essential' recommendation which passed its target date at the end of November 2021. This recommendation relates to the completion of the IT Health Check that is required for the Council to obtain Public Services Network (PSN) certification. Following an external IT Health Check (ITHC), the IT service has completed a further

external IT Health Check (ITHC), penetration testing, and has developed an action plan to track remediation works identified as being required by the ITHC. In order to re-obtain PSN Certification, the service need to document and submit a Remedial Action Plan, which is being created based on the current action plan. The service aim to submit this in July 2022 and hope to re-achieve PSN certification shortly thereafter.

4. Investigations Caseload

- 4.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team, as well as updates on other counter-fraud work. This includes a short summary of the Consultancy Contracts Investigation at Section 9.4.

5. Audit Forward Planning

- 5.1 Section 6 of the Progress Report provides the current proposed Internal Audit Plan for the next four quarters, for comment and challenge by Audit & Accounts Committee.
- 5.2 As usual, the Plan has been updated to reflect changing risk priorities, and several new planned reviews have been added into the Plan as a result of the Consultancy Contracts Investigation. This includes reviews of compliance with the new requirement to obtain Procurement approval for direct awards to suppliers, and reviews of the accuracy of coding on the Council's financial systems.
- 5.3 The Plan has also been adjusted to remove some time allocations for ongoing advice and support around contract management issues, which are now being taken forward by the new Head of Diligence & Best Value, and to reflect the current resourcing position of the Internal Audit team.

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