

Internal Audit Progress Report

To: Audit & Accounts Committee

Date: 7th March 2022

From: Neil Hunter, Head of Internal Audit and Risk Management

1. Purpose

- 1.1 To report on the main areas of audit coverage for the period to 18th February 2022.
- 1.2 The Committee is requested to review, comment on and approve the proposed plan of Internal Audit work for 2022/23, outlined at Section 6 of the report.
- 1.3 In line with Public Sector Internal Audit Standards, the Committee is requested to review, comment on and approve the updated Internal Audit Charter, as discussed at Section 5.1 of the report. The full text of the updated Charter is at Annex D to this 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 full proposed Internal Audit Plan 2022/23.

3. Highways Audit Update and Repayments to date

- 3.1 The audit work on the Highways open book review was paused in early December, at which point a proposed final position to March 2020 was agreed with the contractor, subject to one query referred to the Highways service for their consideration and final approval. In addition, following work by Internal

Audit, the contractor has submitted their first final account to March 2021 to the Highways service for their initial review.

- 3.2 Work outstanding for the Council includes a full open book review for the period 1st April 2020 – 31st March 2021.

4. Outstanding Audit recommendations

- 4.1 Annex B details all outstanding audit recommendations as at 18th February 2022 when this report was produced. Narrative updates on actions where the current target date is after 18th February have not been followed-up by Internal Audit in this reporting cycle and will be reported in the next Progress Report.
- 4.2 There is only one current outstanding 'Essential' recommendation which only 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's Public Sector Network certification. The IT Health Check is being commenced in January 2022, having been delayed by the deferred move of the data centre. The remote portion of the work has begun already and the on-site portion of the testing to begin during the w/c 17th January 2022. Once the outcomes of the IT Health Check and associated testing are known a new Remediation Plan will be developed and work will be undertaken to address any identified actions.

5. Investigations caseload

- 5.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team.
- 5.2 National Fraud Initiative (NFI) - The current exercise commenced in September 2020 when data was supplied for matching purposes by all relevant parties, including CCC. A summary of work to date has been provided in Annex C.
- 5.3 Pro-active Counter-Fraud Work – The service is also undertaking pro-active counter-fraud work, including a redraft of the Council's Anti-Fraud & Corruption Policy which will be brought to CCLT and Audit & Accounts Committee in the first quarter of 2022/23; providing support to a joint project with the District Councils to reduce Council Tax fraud; and working with colleagues in People & Communities to review policies and guidance around suspected fraud and misuse of direct payments.

6. Internal Audit Plan 2022/23

- 6.1 Section 6 of the Progress Report provides the current proposed Internal Audit Plan for 2022/23, for comment, challenge and approval by CCLT. This includes detail on the Audit Planning process and both 'core' and 'flexible' reviews planned for the 2022/23 financial year. The report also includes a visualisation of how the proposed Audit Plan provides coverage across a range of 'assurance blocks' aligned to key organisational risk areas.
- 6.2 While the process of drafting the Plan to this stage has been conducted by Internal Audit, the service would welcome the opportunity to meet with directors individually and discuss proposed coverage in their areas and the current risk assessment, either prior to presentation of the Plan to Audit & Accounts Committee or at any point throughout the year.

7.0 Risk Management

- 7.1 CCLT held a meeting in February to discuss the Corporate Risk Register, and outcomes from the meeting, which included a refresh of the corporate risks and supporting details, are being worked on at the time of this report. The Committee will be given an update on progress at the meeting.

8.0 Recommendation

- 8.1 The Committee is asked to note and comment on the report.

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