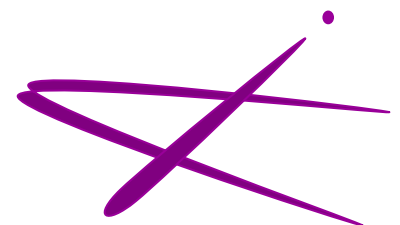




HYNDBURN

The place to be
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Annual Internal Audit Report & Audit Opinion 2019/20



EXECUTIVE SUMMARY

The Head of Audit & Investigations is pleased to report that good levels of internal control were found to be in place and no significant areas of concern were found that could impact on the Council's Financial Statements. This is based on the work of the Internal Audit Team during 2019/20.

The key issues arising from this report are:-

- The Head of Audit & Investigations is able to issue a positive opinion on the systems of Internal Control based on the work carried out in 2019/20 as detailed below. However, the opinion score noticeably dropped from 1.50 in 2018/19 to 1.85 in 2019/20.
- Internal Audit did not identify any issues in 2019/20 during the course of their audit work that would have a material effect on the Council's Financial Statements.
- Internal Audit achieved audit plan coverage of 93.35% in 2019/20. This was 4.65% below the annual target of 98%. A contributory factor in this was time lost through sickness, purchase of additional leave and both special and compassionate leave being taken within the year. In addition, a total of 107.22 days was also spent on 12 investigations.
- Production and publication of this report is a requirement of the Public Sector Internal Audit Standards. This report satisfies the requirements for those charged with governance and forms a supplementary piece of evidence to the Annual Governance Statement.

AUDIT OPINION 2019/20

All of the work undertaken by Internal Audit during the financial year 2019/20 was in conformance with the Public Sector Internal Audit Standards. The average opinion score in 2019/20 was 1.85 as opposed to 1.50 in 2018/19. This is based on a scale of 1 to 4 where 1 is the highest level of assurance and 4 is the lowest level of assurance.

Therefore the Audit Opinion for 2019/20 is:-

Substantial assurance: The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.

This statement is intended to provide reasonable assurance. There is an on-going process for identifying, evaluating and managing key risks. These risks are reflected in the Internal Audit Plan and are subject to their own reporting process during the course of the year which sits outside the Internal Audit role.

Opinion Caveat – Those charged with Governance must remember that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

ANNUAL INTERNAL AUDIT REPORT & AUDIT OPINION

PURPOSE & BOUNDARIES

Management is responsible for the System of Internal Control and must set in place policies and procedures to ensure that the system is functioning correctly. Internal Audit review, appraise and report on the efficiency, effectiveness and economy of financial and other management controls. This report is the culmination of the work during 2019/20 and seeks to:-

- Provide an opinion on the adequacy of the control environment
- Comment on the nature and extent of any significant risk
- Report the incidence of significant control failings or weaknesses

Requirement for Internal Audit

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (Section 151) and the Accounts and Audit Regulations 2015. The latter requires authorities to:

“...undertake an adequate and effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

The Public Sector Internal Audit Standards (PSIAS) set out a detailed framework that Internal Audit must conform to. These cover all aspects of Internal Audit from behaviours to the actual way in which audit work should be conducted.

In addition to the PSIAS both the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) produce additional guidance and publications surrounding internal audit, control, governance and Audit Committees etc. One such publication is “The Role of the Head of Internal Audit in Public Service Organisation” republished in 2019. This sets out the standards that are expected not only of the Head of Internal Audit but also of the Authority as a whole. This publication compliments the PSIAS and what they aim to achieve.

The role of internal audit is complemented by initiatives aimed at promoting effective corporate governance, risk management, anti-fraud & corruption including bribery, anti-money laundering & proceeds of crime in addition to maintaining probity and value for money.

The guidance accompanying the Accounts and Audit Regulations 2015 also detail the need for sound systems of internal control and set out the basis for the necessity of Internal Audit.

Equality & Diversity

Internal Audit remains committed to the Council's objectives on Equality and Diversity. This is achieved through the way the team is managed, the way staff are trained and by the way processes are put in place to ensure members of the team behave appropriately in their work with staff and management at all levels together with elected Members, members of the public and other external organisations. This again links into the requirements of the PSIAS.

Internal Audit team has received both Equality & Diversity Training in addition to other information supplied e.g. Newsround briefings, team discussions and corporate briefings / training.

Declaration of Interests

Internal Audit must avoid any conflict of interest that could impede any of the audit work carried out or cast doubt over the independence or integrity of the auditor carrying out the engagement. This links in to the 'Due Professional Care & Ethics' elements of the PSIAS.

All members of the audit team are aware that they must declare any interests and sign an annual statement which also states they would inform the Head of Audit & Investigations if any issue became apparent during the year.

The Head of Audit & Investigations can report that no member of the Audit Team had any issues that could have impacted on the integrity, professionalism or quality of the work during 2019/20.

THANKYOU

The Head of Audit & Investigations and Internal Audit Team would like to express their thanks to Management and all areas of the Council where work was undertaken during 2019/20 for the help afforded to the Audit Team during the course of their work.

REVIEW OF INTERNAL CONTROL

How Internal Control is Reviewed

- 1.1 During 2019/20 the Authority's risk registers have been continually updated. These form a key factor of Internal Audit's operational plan each financial year. The review process draws on key indicators of risks to the organisation with the aim of ensuring audit resources are allocated to the areas with the highest risk.
- 1.2 Internal Audit uses a 9 point risk analysis matrix for determining the levels of risk as part of the annual audit planning process. Factors considered are:-
- Audit Area covered by risk(s) in the Risk Registers
 - Have system changes taken place? E.g. to personnel or processes
 - Has the service area been subject to cuts / job losses / restructure?
 - Does External Audit require coverage?
 - Is the Audit b/fwd or deleted from the current audit plan?
 - Does the Audit Area directly affect the Council's financial position?
 - Is it a Council / Management Team / Manager priority?
 - When was the last audit carried out?
 - What is the monetary value / income of the area?
- 1.3 The audit plan includes a 10% contingency provision. Contingency days are utilised in response to unforeseen work demands that arise. In the event that there are contingency days that have not been required, these are used to enable additional audit areas to be covered within the plan as per the risk scoring matrix.
- 1.4 The risk analysis and scoring part of the audit planning process results in a comprehensive range of audit engagements being undertaken during the financial year. These audits support the overall opinion on the control environment. Examples include:-
- Systems based reviews of fundamental financial systems that could have a material impact on the Council's financial statements e.g. Council Tax, General Ledger, Treasury Management
 - Establishment audits e.g. Haworth Art Gallery
 - Systems based reviews of departmental systems e.g. Insurance Arrangements, Land Charges / Registry, Selective Licensing Private Landlords
 - External Grant Funding
 - ICT audits e.g. Data Security & Storage
 - Contract audit
 - Fraud Strategy Work

- Responsive fraud and irregularity investigations

1.5 Audit work is risk based and the risk registers are cross referenced to the audit plan. Any risks identified within the risk registers that cannot be linked to the audit plan are added to the audit plan during the annual planning process. There were no new risk areas in the risk registers that were not already in the audit plan for 2019/20. Any significant risks are acted upon during the financial year as opposed to waiting until the annual audit planning process which takes place towards the end of each financial year.

Accounts and Audit Regulations

1.6 The Accounts and Audit Regulations 2015 set out clear instructions that Councils must follow. Parts of the regulations detail financial management and the need for Internal Audit

1.7 Financial management is covered within part 2 of the 2015 regulations and details what the Authority must have in place regarding:-

- Responsibility for Internal Control
- Accounting records and control systems
- Internal Audit
- Review of Internal Control System

1.8 For clarity the specific regulations relating to the above areas are detailed in TABLE 1 below. These detail the key parts of regulations 3 to 6.

Regulation	Requirement
3	A relevant authority must ensure that it has a sound system of internal control which:- (a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) Ensures that the financial and operational management of the authority is effective; and (c) Includes effective arrangements for the management of risk
4 (4)	The financial control systems determines in accordance with paragraph (1) (b) must include: (a) Measures – (i) to ensure the financial transactions of the authority are recorded as soon as, and as accurately as, reasonable practicable; (ii) to enable the prevention and detection of inaccuracies and fraud, and the reconstitution of any lost record; and (iii) to ensure that risk is appropriately managed; (b) identification of the duties of officers with financial transactions and division of responsibilities of those officers.
5 (1)	A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards

	or guidance.
5 (2)	Any officer or member of a relevant authority must, if required to do so for the purpose of the internal audit – (a) make available such documents and records; and (b) Supply such information and explanations; As are considered necessary by those conducting the internal audit.
5 (3)	In this regulation “documents and records” includes information recorded in an electronic form.
6 (1)	A relevant authority must, each financial year – (a) Conduct a review of the effectiveness of the system of internal control required by regulation 3; and (b) Prepare an annual governance statement

Annual Governance Statement

- 1.9 CIPFA guidance states that an Annual Governance Statement (AGS) should be produced to accompany the Council’s Financial Statements.
- 1.10 The AGS is made up of numerous evidence sources from across the Council as a whole that collectively demonstrate why the Council believes it has good governance in place. The Head of Audit & Investigations supplies 5 pieces of evidence each year to show Internal Audit’s contribution to the Council’s governance processes. This report is one of those 5 pieces of evidence.
- 1.11 It must be highlighted that this Annual Internal Audit Report & Audit Opinion is not the AGS and cannot be used to substitute it.

Risk Management

- 1.12 The Council has a well-established risk management process which is monitored and updated on a regular basis and reported to both the Council’s Corporate Management Team and the Audit Committee.
- 1.13 There are 3 risk registers; Strategic, Operational and Generic.
- 1.14 Risk owners and management are proactive in monitoring the tables and ensuring that obsolete risks are deleted and new emerging risks are added in addition to updating existing risks.
- 1.15 The risk management process is subject to auditing by Internal Audit, however this is determined by the audit planning process and specifically the risk scoring matrix.
- 1.16 The Head of Audit & Investigations can confirm that the risk management provides regularly updated risk information to both Corporate Management Team and Elected Members.

Fraud

1.17 Whilst it is not the primary role of Internal Audit to detect fraud, it does have a role in providing an independent assurance on the effectiveness of the processes put in place by management to manage the risk of fraud. Internal Audit carry out additional fraud related work at times, although this must not be prejudicial to the primary role of Internal Audit. Examples of the activities that may be carried out include:-

- Investigation work surrounding fraud cases
- Responding to whistle-blowers
- Considering fraud in every audit
- Making recommendations to improve processes
- Review fraud prevention controls and detection processes put in place by management

1.18 Internal audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.

- 2.1 Each audit report issued is given an audit opinion based on the issues identified and reported by Internal Audit. Table 2 below shows the opinions and how many of each was issued in 2019/20:-

TABLE 2

AUDIT REPORT ASSURANCE OPINIONS	Number issued in 2019/20
Comprehensive assurance: the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed a sound system of internal control which is designed to meet the service objectives, in addition the work carried out showed controls are consistently being applied	2
Substantial assurance: the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk	11
Limited assurance: the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed weaknesses in the design and / or inconsistent application of controls that put the achievement of the service objectives at risk	0
No assurance: the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed weaknesses in controls and / or consistent non-compliance with controls that could result / has resulted in failure to achieve the service objectives	0

- 2.3 This section of the report also details any audit engagements that resulted in ‘Limited Assurance’ or ‘No Assurance’ opinions being given.
- 2.4 In 2019/20 no audit engagements were given an opinion of ‘Limited Assurance’ or ‘No Assurance’, therefore nothing requires reporting within this section of the Annual Internal Audit Report & Opinion.

AUDIT PERFORMANCE

Assessment of Internal Audit

- 3.1 Internal Audit works closely with the Council's External Auditors, Grant Thornton. External Audit utilise work carried out by Internal Audit, particularly surrounding the fundamental controls of key systems within the Council to give them added assurance those key systems and processes are working effectively. This then enables External Audit to gain additional reliance that the data and information produced by these systems is reliable. Such assurances contribute to the conclusions made by External Audit on the Council's financial statements.
- 3.2 Regular liaison meetings have historically taken place between Internal and External Audit which are also an opportunity to review the current position on work and issues facing the Council. External Audit has specific interest on any issue that could impact on the Council's Financial Statements. However during 2019/20 this was not the case and no liaison meetings took place between Internal and External Audit with the last scheduled meeting having taken place in March 2018.
- 3.3 The Head of Audit & Investigations is part of the Lancashire Districts' Councils Audit Group. This allows all the Lancashire Heads of Audit to discuss issues and raise matters that could have future impacts. The group meets quarterly but the network is active all year as group members will highlight any issue they become aware of with the rest of the group via email between the quarterly meetings.
- 3.4 Internal Audit must comply with the PSIAS and as part of this process the Head of Audit & Investigations has carried out a self-assessment of the Audit function against the Standards during 2019/20. The Head of Audit & Investigations has also produced a Quality Assurance & Improvement Programme (QAIP) with the self-assessment. This details how those areas partially or not currently compliant will progress to become compliant. Whilst both were reviewed for 2018/19, updates of these will be given to Corporate Management Team and to Audit Committee in 2019/20. The QAIP is subject to on-going monitoring and revision.

External Assessment of Internal Audit

- 3.5 The PSIAS also state that an external assessment of the audit function and its conformance to the Standards must be carried out at least once every 5 years. The Internal Audit function was reviewed in February 2018 in accordance with the PSIAS. This was undertaken as part of an agreement between 9 Lancashire Councils and 1 Cumbrian Council, which is part of the Lancashire Audit Group, to work together and achieve the external assessment through a Peer Review process. The next assessment of Internal Audit will take place at a date to be determined which must occur and be fully completed by 31st March 2023.

- 3.6 Hyndburn's Internal Audit function was inspected by 2 Lancashire Heads of Audit. This was a thorough process and involved them examining the self-assessment against the PSIAS, supporting evidence, questionnaires and interviews of:-
- Chief Executive
 - Deputy Chief Executive (s151)
 - Executive Director (Monitoring Officer)
 - Chair of Audit Committee
 - A random cross section of 5 Heads of Service
 - Audit Team
 - Head of Audit & Investigations (no questionnaire)
- 3.7 The External Review Team also examined examples of the work carried out by internal audit in addition to processes, policies and procedures used.
- 3.8 The external assessment concluded in February 2018 that the Audit function conforms to the PSIAS and the External Review Team stated they only identified 5 points for consideration into the QAIP and that this is a significant and remarkable level of compliance with the Standards of 98%. The 5 recommendations were included in the QAIP and steps were taken during 2019/20 to implement these. The Head of Audit & Investigations can confirm that all 5 of the recommendations have been adopted. Of the 5 recommendations 2 are complete and the remaining 3 have the necessary processes in place to allow these to be monitored and adhered to on an ongoing basis. It should be also noted that the External Review Team stated "The service delivers a comprehensive and valued programme of assurance to all auditable activities of the authority. The service is trusted for its independent, challenging, objective, unbiased and reliable approach across the organisation." They went on to say "The service has a positive impact on the ethics, governance, risks and controls at Hyndburn Borough Council." The Internal Audit team will work to build on what the external inspectors found.

Review of the System of Internal Control and Effectiveness of Internal Audit

- 3.9 The Accounts and Audit Regulations 2015, regulation 5 (1) states that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal audit standards or guidance. Regulation 6 (1) (a) states "A relevant authority must, each financial year, conduct a review of the effectiveness of the system of internal control required by regulation 3.
- 3.10 The Internal Audit process is a key part of the annual review of the effectiveness of the system of Internal Control and the Annual Audit Opinion on page 2 of this report reflects that the majority of controls reviewed in 2019/20 were operating effectively.

Quality Assurance & Improvement Programme

- 3.11 As part of the on-going monitoring and assessment of conformance with the PSIAS the Head of Audit & Investigations has a QAIP in place. The QAIP details the steps that are being taken to move the areas of partial or non-compliance to full compliance. The QAIP will be subject to on-going review and will be periodically reported back to Corporate Management Team and Audit Committee so that they can monitor the progress being made.
- 3.12 In the event that any area within the PSIAS changed from full compliance to partial or non-compliance this would then be included in the QAIP detailing what steps will be taken to ultimately make that area fully compliant again. Therefore the QAIP is an evolving document that is subject to change and updates to reflect the actual position with the Council's conformance against the PSIAS.

Satisfaction & Quality Questionnaire (S&QQ)

- 3.13 Assessment of the ongoing performance, standards and seeking improvement is referred to within the PSIAS and is an area that the Head of Audit & Investigations has had processes in place for many years.
- 3.14 The S&QQ asks for the auditee's opinions on 11 questions with each one ranging from strongly agree to strongly disagree. The 12th question is a free-form text box allowing comments to be made on whether there is anything that could improve the service and the impact on their service area.
- 3.15 TABLE 3 below details the S&QQ results for 2019/20 and includes the comparative results for the preceding financial years.

TABLE 3

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1) The objectives of the audit were clearly communicated to me	66.67%	33.33%	0	0	0
2018/19 Comparison	83.33%	16.67%	0	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0
2) The auditor kept you fully informed at all stages of the audit	66.67%	33.33%	0	0	0
2018/19 Comparison	83.33%	16.67%	0	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0
3) Your concerns and / or issues were adequately considered during the process	66.67%	33.33%	0	0	0
2018/19 Comparison	83.33%	8.34%	8.33%	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0
4) The audit report covered the agreed objectives and was clear and provided adequate information regarding the audit review	66.67%	33.33%	0	0	0
2018/19 Comparison	83.33%	16.67%	0	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0

5) The Auditors were courteous and professional in their dealings with you and your colleagues	88.89%	11.11%	0	0	0
2018/19 Comparison	83.33%	16.67%	0	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0
6) The auditors attended arranged appointments and meetings punctually	88.89%	11.11%	0	0	0
2018/19 Comparison	83.33%	16.67%	0	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0
7) The auditors did not significantly disrupt your service area / function during the audit review	66.67%	22.22%	%	0	0
2018/19 Comparison	83.33%	8.34%	8.33%	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0
8) The time span from the start of the audit to the issue of the final audit report was reasonable	66.67%	33.33%	0	0	0
2018/19 Comparison	75.00%	25.00%	0	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0
9) The auditor's conclusions and audit opinion were logical and well documented in the final report	77.78%	22.22%	0	0	0
2018/19 Comparison	83.33%	16.67%	0	0	0
2017/18 Comparison	77.78%	22.22%	0	0	0
10) The audit review has benefited your area in some way (even if no recommendations / actions agreed, it should still provide management with the necessary assurances	66.67%	33.33%	%	0	0
2018/19 Comparison	66.67%	25.00%	8.33%	0	0
2017/18 Comparison	66.67%	33.33%	0	0	0
11) The recommendations made were constructive and reasonable	55.55%	33.33%	0	0	0
2018/19 Comparison	66.67%	16.67%	0	0	0
2017/18 Comparison	66.67%	22.22%	0	0	0

- 3.16 There were 9 completed questionnaires and this equates to 99 potential responses as there are 11 questions on the form. A total of 97 responses were given as 1 person did not feel able to answer question 7 and another didn't answer question 11.
- 3.17 Of the 97 responses given, 70 (72.16%) were 'strongly agree' and 27 (27.84%) were 'agree'. The Head of Audit & Investigations is able to state that there is an overall strong positive perception of the Team and its work based on these responses. The combined strongly agree / agree total has 100% of views given overall.

Internal Audit Performance

- 3.18 It is good practice to monitor key performance measures. These can support the PSIAS but are not required for any form of national or mandatory collation. It does also enable the Head of Audit & Investigations together with Management and those charged with Governance to compare year on year performance.
- 3.19 The performance parameters recorded are similar to those maintained by the majority of Audit Teams in Lancashire and the parameters themselves were originally agreed with External Audit.
- 3.20 TABLE 4 below details performance for 2019/20 together with the 2 most recent financial years as a comparison, although older statistical data is held by the Head of Audit & Investigations.

TABLE 4

Performance Measure	2017/18	2018/19	2019/20
No. of Audit Engagements completed compared to those planned in the audit plan	17	19	12
Number of Audit Reports Issued	17	19	14
Percentage of Audits completed within budget time allocation	76.47%	89.47%	100%
Number of Audit Recommendations made	24	18	56
Percentage of Audit Recommendations agreed for implementation by Management	100%	100%	100%
Number of Satisfaction & Quality Questionnaires Issued	15	18	12
Number of Satisfaction & Quality Questionnaires Received	9	12	9
Percentage of clients satisfied with the service provided based on the questionnaires returned	100%	100%	100%

- 3.21 The number of completed audit engagements decreased from 19 to 12, a 36.84% decrease on 2019/20. However, the volume of investigative work carried out in 2018/19 which is not reflected above was higher than in previous years. There were 4 audit engagements which were work in progress as at 31st March 2020 but these do not reflect in the number which were fully completed. These 4 reports will be included in the 2020/21 statistical information. All audit engagements completed in 2019/20 were within the time allocation which is the first time this has been achieved for a number of years. There was also an increase in satisfaction & quality questionnaires being returned. The return rate increased from 66% to 75% in 2019/20.
- 3.22 Accountability for the response to Internal Audit's advice and recommendations lies with Management who either accept and implement the advice or recommendations or accept the risks associated with not taking action.

Follow up Work

- 3.23 Once recommendations become actions agreed with Management in the relevant audit area this does not signify the end of audit involvement until the next time the area is audited.
- 3.24 Internal Audit will revisit the actions agreed at a defined future date, usually around 6 months, to re-examine whether the actions agreed have been implemented as agreed. Internal Audit refer to this action as a 'Follow Up'.
- 3.25 Progress on follow ups is reported to Audit Committee on quarterly basis. The Audit Committee can request full explanation from Management on areas that are not implemented.
- 3.26 During 2018/19 Internal Audit carried out follow up work on 5 audit areas with a total of 13 actions agreed. Follow up work revealed that all 13 had been fully implemented.

Internal Audit Team – Staff Turnover

- 3.27 The level of staffing within the Audit Team remained constant throughout 2019/20 at 3.0 FTE being available.
- 3.28 The Audit Team lost 5 days as a result of sickness absence of one member of the team and a further 8 days in special leave and compassionate leave.

Use of Audit Time

- 3.29 TABLE 5 below shows an analysis of Internal Audit time during 2019/20 with the comparative figures for the previous 2 financial years. This is based on actual time spent excluding both statutory and annual leave together with any other absences such as sickness.

TABLE 5

Analysis of Audit Time	2017/18	2018/19	2019/20
Audit Days	81.6%	84.3%	83.0%
Training	3.9%	2.4%	2.3%
Management	9.3%	8.6%	9.5%
Other Non-Audit Time	5.2%	4.7%	5.2%

- 3.30 The 2019/20 figures show an decrease in the amount of time devoted to audit and a very slight decrease in training. The amount of management time has increased as has the amount of non-audit time. Members of the Audit Team ensure that they undertake training each year and despite the drop in training all team members

have attended a mixture of in-house, external and free training including e-learning so that the team is up to date on skills and knowledge.

ANALYSIS OF AUDIT ACTIVITY DURING 2019/20

- 4.1 TABLE 6 below details the work carried out by Internal Audit during 2019/20 and is based on actual time recorded against the original approved time allocated within the Audit Plan for 2019/20.
- 4.2 A total of 536.78 days were delivered against 575 planned audit days. There were 92.41 days recorded in non-audit work as opposed to 65 days allocated in the audit plan. Non-audit work includes management meetings, personal development reviews, regional audit groups, team meetings, timesheets etc. There were 157.63 days recorded in absences as opposed to the 146 days allocated in the audit plan. Absences cover statutory leave, annual leave, sickness etc. Absences in 2019/20 included sickness, special leave, compassionate leave and other leave in addition to annual leave or statutory leave for bank holidays.
- 4.3 TABLE 6 does not include the areas within the audit plan where no time was recorded and therefore the table does not reflect the whole audit plan, only the areas where time was recorded during 2019/20.

TABLE 6

Core Systems	Plan Days	Actual Days	Comments
Systems Based Reviews			
Asset Management		12.15	Audit Completed 2018/19 – W.I.P.
Cash Receipting		14.07	Audit Completed 2018/19 – W.I.P.
Council Tax	23	8.33	Audit Commenced – W.I.P.
Debtors		0.47	Audit Processes
General Ledger	24	21.08	Audit Commenced – W.I.P.
NDR	23		Audit Outstanding
Treasury Management	12	11.18	Audit Completed
Systems Queries / Work			
Cash Receipting		1.00	Audit Query
Council Tax		0.36	Audit Query
Creditor Payments		0.94	Audit Query
Debtors		0.52	Audit Query
General Ledger		1.35	Audit Query
Housing Benefits		0.22	Audit Query
NDR		0.50	Audit Query
Payroll		0.30	Audit Query
Treasury Management		0.47	Audit Query
TOTAL for Core Systems	82	72.92	Utilised 88.93% of Allocated

Audit Days			
Non-Core Systems	Plan Days	Actual Days	Comments
Car Allowances		0.03	Audit Query
Car Leasing / Loans		0.14	Audit Queries
CCTV		0.62	Audit Queries
Charities		1.81	Audit Work Completed
Debt Recover Arrangements	18		Audit Outstanding
Electoral Registration / Elections		1.86	Audit Commenced
Equalities		0.14	Audit Query
Insurance Arrangements	12	12.28	Audit Completed
Land Charges & Registry VDD	13	12.70	Audit Completed
Licences - Taxi		0.14	Audit Query
Mayoral Allowances / Secretarial		0.03	Audit Query
Officers Imprests & Subsistence		0.37	Audit Queries & Spot Checks
P-Card Processes		0.03	Audit Query
Pest Control		0.34	Audit Queries
Selective Licensing Priv Landlord	12	12.73	Audit Commenced – W.I.P.
Street Traders		7.00	Audit Queries
Stores & Inventories		0.14	Audit Queries
TOTAL for Non-Core Systems	55	50.36	Utilised 91.56% of Allocated Audit Days

Establishments	Plan Days	Actual Days	Comments
Cemeteries & Crematorium		0.50	Audit Queries
CVMU	12	0.37	Audit Deferred at Request of Mgt to 2020/21
Fleet Management	12	0.21	Audit Outstanding
Haworth Art Gallery		12.79	Audit Completed
Markets	10	0.73	Audit Work Completed as part of Investigation in Ad-Hoc.
Shared Service Contact Centre		0.07	Audit Query
TOTAL for Establishments	34	14.67	Utilised 43.15% of Allocated Audit Days

Computer Audit	Plan Days	Actual Days	Comments
BACS Direct Debits & Credits		0.24	Audit Query
Data Security & Storage	10	9.70	Audit Completed
Disaster Recovery	10		Audit Outstanding
Network Controls	12		Audit Outstanding
PCI & DSS Security		1.42	Audit Query
Security Policy		0.14	Audit Query
System Development		5.98	Audit Advice & Input
TOTAL for Computer Audit	32	17.48	Utilised 54.63% of Allocated Audit Days

Contract Audit	Plan Days	Actual Days	Comments
Contracts CDM + H&S	12		Audit Deferred to 2020/21 by Mgt

Contracts Standing Orders	12	0.10	Audit Outstanding
Lyndon Playing Fields	12		Audit Outstanding
Other Contract Issues	12	0.20	Audit Advice / Query
Over £250 Exp. Monitoring		1.55	Audit Compliance Work
Partnership		0.03	Audit Query
TOTAL for Contract Audit	48	1.88	Utilised 3.92% of Allocated Audit Days

Grant Funding Initiatives	Plan Days	Actual Days	Comments
NNDR3 Claim	4	6.05	Audit Completed
Rhyddings Park HLF	12		Audit Outstanding
THI & THI s106 Funding	12	12.95	Audit Commenced – W.I.P.
TOTAL for Contract Audit	28	19.00	Utilised 67.86% of Allocated Audit Days

Follow Ups	Plan Days	Actual Days	Comments
General Follow Up Work	8	4.06	General Follow Up Work/Admin
TOTAL for Follow Ups	8	4.06	Utilised 50.75% of Allocated Audit Days

Audit Advice	Plan Days	Actual Days	Comments
Benefit Issues		8.20	Advice & Audit Liaison
Internet		20.29	Advice & Compliance Monitoring
Coaching		1.61	Coaching Employees & Advice
ICO Web Info		2.28	Audit Awareness & Advice
Ext Audit Governance Questions		0.47	Audit Awareness & Advice
Friendly Faces		0.98	Audit Input
Missing Persons Queries		0.07	Audit Input
Drugs & Alcohol Policy Query		0.14	Audit Advice
Broadway Building / Security		2.74	Audit Input / Solutions
Burnley/Pendle/Hyndburn Teams		0.24	Audit Input
Year End Issues		2.99	Audit Input
Elections Queries		0.57	Audit Advice
Mastercard Query		0.37	Audit Input
Licensing Query		0.44	Audit Advice
LDCAG – Queries		0.34	Audit Advice
Investigations Protocol		1.21	Audit Input
Risk Registers Update		0.07	Audit Input
Contract Tender Book		0.14	Audit Advice
Future of Internal Audit		0.99	Audit Input / Advice
Ebay Query		0.07	Audit Advice
Server Room Issue		0.07	Audit Input
New Disciplinary Policy		0.10	Audit Input
Bankline Payment Issue		0.10	Audit Advice
Safety Improvement Mtg		0.77	Audit Input
Staff Survey Results		0.54	Audit Input
Authorised Signatories		0.20	Audit Input
HR Disp Notify		0.10	Audit Input
HR Query – Parks Vehicles		0.07	Audit Query
P-Card Query		0.07	Audit Query

HMRC Bogus Email		0.14	Audit Advice
Big Thankyou		0.75	Audit Input
Recharges		0.14	Audit Input
PAG Issue		0.20	Audit Query
Code of Corporate Governance		0.71	Audit Input
Brexit Issues		0.27	Audit Advice / Input
CCTV Policy		0.31	Audit Input
Hyndburn Leisure Issue		0.13	Audit Advice / Input
Staff Survey Working Party		0.51	Audit Input
Recommendations Listings		3.58	Audit Input
Retention Docs Query		0.10	Audit Query
Regen Email Issue		0.51	Audit Input
Pendle Street		1.25	Audit Advice / Input
Solar Panels Query		0.03	Audit Query
Insurances Tender		0.40	Audit Input
CLr Query – Childrens Home		0.14	Audit Input
Autopay Online		0.67	Audit Advice / Input
Covid-19		4.36	Audit Analysis / Advice / Input
DFGs		0.03	Audit Query
Stamps Query		0.03	Audit Query
Youtube Query		0.07	Audit Query
Audit Manual		3.60	Audit Input
Audit Charter		2.10	Audit Input
Financial Procedure Rules		0.07	Audit Input
Penalty Notice Payments		0.14	Audit Advice / Query
	42		Plan Allocation for Advice
TOTAL for Audit Advice	42	66.47	Utilised 158.26% of Allocated Audit Days

Other Audit Areas	Plan Days	Actual Days	Comments
Anti-Fraud & Corruption Issues	9	5.61	Audit Input, Advice & Queries
Anti-Social Behav – Com Triggers		3.57	Audit Input / Queries / Work
Business Continuity Planning		1.09	Audit Work
Corporate Strategy	9	8.27	Audit Completed
FOI Requests		0.27	Audit Work Carried Out
GDPR Compliance Work	13		Audit Outstanding
PSIAS		1.65	Audit Queries / Work
Risk Management	11	11.35	Audit Completed
Safeguarding & Prevent		1.23	Audit Input & Queries
TOTAL for Other Audit Areas	42	33.04	Utilised 78.67% of Allocated Audit Days

Ad-hoc Work & Investigations	Plan Days	Actual Days	Comments
Debtors Processes (HofA)	12	12.81	Audit Commenced – W.I.P.
Facilities Team	15		Audit Deferred to 2020/21 by Mgt
Financial Controls (HofA)	12		Audit awaiting Mgt – C/fwd 20/21
Planning Delegated Reports	12	12.03	Audit Completed
Write Off Processes	12		Audit Deferred to 2020/21 by Mgt
Facilities Team Trib-Case		3.91	Audit Input

NDR A/cs Issue		4.89	Audit Work Carried Out
Food Team	12	5.18	Audit Deferred to 2020/21 by Mgt
Grievance – Hsg & Regen & SAR		10.89	Audit Work Completed
Employee Safety Audit		9.37	Audit Completed
Christmas Lights		10.40	Audit Completed
CVMU Issue		2.19	Audit Work Completed
Final Accounts - Overspends		3.74	Audit Work Completed
Waste Services Case		0.17	Audit Advice
Benefits CCTV Issue		0.20	Audit Input
Emails – Hsg & Regen		17.68	Audit Work Completed
Planning / CTax Issue Ossen		31.16	Audit Work Carried Out
Benefits Issue		2.86	Audit Input
Accountancy Issue		2.35	Audit Input
Markets Issue		28.80	Audit Work Completed
Dignity at Work Appeal		2.29	Audit Work Carried Out
Audit Support to Other Services		0.30	Audit Input
Process Guides		0.91	Audit Work Carried Out
Contingency Allocation	-12		
Contingency	78		Contingency Days
TOTAL for Ad-hoc Work & Investigations	141	162.13	Utilised 114.18% of Allocated Audit Days

Consultancy & Corporate Objectives	Plan Days	Actual Days	Comments
Annual Governance Statement	1	0.34	Audit Work Carried Out
Annual Audit Report	3	3.04	Audit Work Carried Out
Audit Committee	5	2.59	Committee Prep / Mtgs / Training
Audit Plan & Planning	12	17.85	Monitor Plan & Prep of 20/21 Plan
Cabinet		2.21	Support Audit Work / Knowledge
External Audit	3	0.78	Liaison Mtgs & Supply IA Work
GDPR Issues / Queries	12	6.59	Audit Input / Support / Queries
Money Launder & Proc of Crime		1.61	Queries dealt with
National Fraud Initiative	8	5.33	Support & Audit Work Carried Out
Peer Review of Internal Audit	2	0.91	Audit Work Completed
RIPA		0.10	Audit Query
Schools Ambassador Scheme		6.81	Support & Mentoring
Service Planning	2		Work not required in 2018/19
Stage 3 Complaint Investigations		27.86	Work Carried Out
Whistleblowing		0.30	Audit Input
TOTAL for Other Audit Areas	48	76.32	Utilised 159.00% of Allocated Audit Days

Service Improvement	Plan Days	Actual Days	Comments
Indicators		0.89	Performance Indicators
LDCAG Benchmarking		2.84	Audit Work & Input
TOTAL for Service Improvement	0	3.73	No Audit Days had been Allocated

Training	Plan Days	Actual Days	Comments
Staff Development & Training	15	14.72	Various Training – mainly in-house

TOTAL for Training	15	14.72	Utilised 98.13% of Allocated Audit Days
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- 4.4 There were 4 audit engagements that were in progress at year end but not quite completed, these will all be reported in 2020/21. There were 5 audit engagements which were deferred by Management due to planned work in these areas not being completed and in one case due to staffing issues. All 5 areas have been re-scored as part of the planning process for the 2020/21 Audit Plan and all 3 have been included in the 2020/21 Audit Plan. There were 10 audit engagements that had not been commenced by the end of 2019/20 this was caused by other higher risk areas which were not in the audit plan having been reviewed, investigations work and during March 2020 the evolving situation with Covid-19. During March 2020 Audit resources were re-deployed to assisting critical service areas in process re-engineering and building redundant capacity to ensure critical functions could continue to run as the situation developed. All deferred and non-commenced areas were re-risk assessed as part of the 2020/21 Audit Plan process and 14 out of the 15 are included in the 2020/21 Audit Plan, the 1 area not included is due to separate work having been carried out in 2019/20 as part of investigation work.
- 4.6 The Audit Plan is monitored monthly by the Head of Audit & Investigations therefore emerging risks are considered and absorbed into the work of the team as required. The Head of Audit & Investigations will seek re-approval of the Audit Plan from Audit Committee if there is major slippage or significant risks arising that result in a major deviation from planned audit work. Long term sickness of a team member can have an impact on the Audit Plan although this did not occur in 2019/20.
- 4.7 Target coverage for the 2019/20 Audit Plan was 98% and 93.35% was achieved. Whilst the out-turn figure was not significantly below the actual target, the Head of Audit & Investigations has carried out additional calculations and established that had there been no sickness, special leave, compassionate leave and other leave then the out-turn figure for the year would have been 97.09% which would have been 0.91% below the target coverage. Therefore the 2020/21 Audit Plan coverage target remains at 98%.

REPORT DISTRIBUTION

The report has been distributed to the following:-

- Corporate Management Team
- Members of Audit Committee
- External Audit
- Internal Audit

REPORT VERSION

Draft Report Checked & Approved:

23 April 2020

Final Report Issued:

30 April 2020