



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Governance and Audit Committee

21 March 2019

Report of: Councillor Adam Stokes
Cabinet Member for Finance



Internal Audit Update

In accordance with Public Sector Internal Audit Standards the internal audit service provides assurance on the adequacy and effectiveness of the authority's governance, risk management and control arrangements. The opinion provided within individual reports issued to management contributes towards an annual audit opinion that forms part of the framework of assurances that informs the Council's Annual Governance Statement.

Report Author

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Corporate Priority:	Decision type:	Wards:
Administrative	Administrative	All Wards

Reviewed by:	Richard Wyles Assistant Director, Resources	7 March 2019
Approved by:	Debbie Muddimer, Strategic Director - Resources	7 March 2019
Signed off by:	Councillor Adam Stokes, Cabinet Member for Finance	7 March 2019

Recommendations to the decision maker

1. The Governance and Audit Committee is asked to review and note the contents of the attached Progress Report and Follow up Report that have been prepared by the internal auditors RSM.
2. The Governance and Audit Committee is asked to review and approve the Internal Audit Strategy 2019/22 that has been prepared by the internal auditors RSM.

1 Progress and Follow up Reports

- 1.1 The Internal Audit plan was approved by Governance and Audit Committee on 22 March 2018. The Progress Report, attached as Appendix A, details the final six audits of the internal audit plan which is now 100% complete.
- 1.2 The six reports being presented are: Temporary Staff, Construction Regulations, Fire Safety, Payroll and Expenses, Housing Benefits, Corporate Governance. All reports, except for Fire Safety, have resulted in a positive opinion. Fire Safety resulted in a Partial Assurance opinion.
- 1.3 The Follow up Report, attached as Appendix B, details the follow up of 25 management actions (11 Medium, 14 Low). Reasonable progress has been made with 15 actions being implemented and the remaining 10 either not implemented or ongoing. All outstanding management actions will be implemented by the end of Quarter 1 2019/20.

2 Internal Audit Strategy including proposed plan for 2019/20

- 2.1 The draft Internal Audit Strategy 2019/22 was presented to Governance and Audit Committee at their December 2018 meeting. Since then, Internal Audit met with senior officers in January to discuss the Audit Strategy for 2019-22 and more recently with the Corporate Management Team. The output from those meetings have informed the audit plan for 2019/20 and indicative audit areas for the following two years. The Internal Audit Strategy 2019/22 is attached as Appendix C.
- 2.2 As a result of the discussions with management a number of audits have been added to the plan for 2019/20:
 - Purchasing Cards
 - Complaints and Freedom of Information
 - Housing Benefits
 - Health and Safety
 - Building Control
 - Capital Strategy
 - Planning Service
 - Communication – Social Media
- 2.3 To accommodate these changes, there has been some re-profiling of other planned reviews across 2020/21 and 2021/22.

3 Consultation and Feedback Received, Including Overview and Scrutiny

- 3.1 N/A

4 Available Options Considered

- 4.1 N/A

5 Preferred Option

- 5.1 N/A

6 Reasons for the Recommendations

- 6.1 To conform with the Public Sector Internal Audit Standards, and to provide assurance to the Governance and Audit Committee regarding the Council's internal control environment, it is recommended that Committee approve the Internal Audit Strategy 2019/22.

7 Next Steps – Communication and Implementation of the Decision

- 7.1 N/A

8 Financial Implications

- 8.1 These are included in the report.

Financial Implications reviewed by: Richard Wyles, Assistant Director - Resources

9 Legal and Governance Implications

- 9.1 Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations require every local authority to maintain an adequate and effective internal audit service that would include a review of progress. Those charged with governance are asked to review the contents of the attached reports which summarises the work undertaken by the internal auditors and to review and approve the internal audit strategy.

Legal Implications reviewed by: Lee Sirdifield, Assistant Chief Executive, Transformation and Change and Monitoring Officer

10 Equality and Safeguarding Implications

- 10.1 None

11 Risk and Mitigation

- 11.1 None

12 Community Safety Implications

- 12.1 None

13 Background Papers

- 13.1 None

14 Appendices

- 14.1 Appendix A – Internal Audit Progress Report
14.2 Appendix B – Internal Audit Follow Up Report
14.3 Appendix C – Internal Audit Strategy 2019/22

Report Timeline:	Date of Publication on Forward Plan (if required)	Not required
	Previously Considered by	Not applicable
	Final Decision date	21 March 2019