



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Governance and Audit Committee

16 March 2022

Report of: Councillor Adam Stokes
Deputy Leader of the Council



Draft Internal Audit Annual Report 2021/22

In accordance with the terms of reference of the Committee one of the key areas for the Committee is to monitor the audit activity on behalf of the Council. This includes receiving the annual report and opinion from the Head of Internal Audit.

The annual report is presented as a draft and will be finalised on 1 April 2022 if there are no further changes that may have an impact on the opinion.

Report Author

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Corporate Priority:

Administrative

Decision type:

Administrative

Wards:

All Wards

Reviewed by:	Alison Hall-Wright (Head of Finance & ICT)	3 March 2022
Approved by:	Richard Wyles (Interim Chief Finance Officer)	4 March 2022
Signed off by:	Councillor Adam Stokes (Deputy Leader of the Council)	8 March 2022

Recommendation to the decision maker

- 1. Governance and Audit Committee is asked to consider and accept the Internal Audit Annual Report for 2021/22.**

1 The Background to the Report

1.1 In accordance with its terms of reference, Governance and Audit Committee is asked to receive, consider and accept the Draft Internal Audit Annual Report and the annual opinion. The Internal Auditor's report is appended to this covering report.

1.2 The annual audit plan for 2021/22 was approved by the Committee on 18 March 2021.

1.3 Summary of audits undertaken, by assurance level, in 2021/22 alongside 2020/21:

Year	Minimal assurance	Partial assurance	Reasonable assurance	Substantial assurance	No assurance required	Total
2020/21	2	3	2	1	5	13
2021/22	0	2	1	2	8	13

1.4 This summary shows that significant improvement has been made to improving the internal control framework; for 2021/22 there were no minimal assurance reports, a reduction in the number of partial assurance reports and an increase in the number of substantial assurance reports. The Committee will be keen to ensure that this positive direction of travel continues with Assurance Lincolnshire (as the Council's new internal audit team) from 2022/23.

1.5 The table below provides a summary of the audit activity for 2021/22 – the Head of Internal Audit will provide further details during the presentation of their report.

Audit	Assurance level	Management actions				Total
		L	M	H	n/a	
Disabled Facilities Grants	Substantial assurance	-	-	-	-	-
Follow Up 2	Reasonable progress	2	1	-	6	9
Continuous Assurance Visit 1	n/a	2	3	-	-	5
Local Authority Searches	Reasonable assurance	1	2	-	-	3
Follow Up 2	Reasonable progress	1	3	-	-	4
Housing Compliance	Partial assurance	-	4	2	-	6
Continuous Assurance Visit 2	n/a	6	2	1	-	9
Income and Banking	Partial assurance	5	2	3	-	10
Council Owned Companies	Advisory	3	2	-	-	5
Medium Term Financial Planning	Substantial assurance	2	-	-	-	2
Follow Up 3	Little progress	3	6	-	-	9
Follow Up 4	Reasonable progress	7	-	-	-	7
Continuous Assurance Visit 4	n/a	3	-	-	-	3
	Total	35	25	6	6	72

1.6 All actions are now actively monitored by the use of hosted software (4action). The system allows the responsible officers to manage their implementation plans, alongside the agreed timescales, and enables the Council to ensure all actions are monitored and can then be reported to the Committee in a timely fashion. The management and monitoring of actions will be supported by the internal audit follow up arrangements.

1.7 The status of implementation of actions is shown in the table below. Where internal actions have been followed up, the status is captured within the original internal audit action.

Audits 2020-21	Assurance level	Total of Actions	In progress	Complete or superseded
Business Continuity	Substantial assurance	2	2	
Consultants and Agency Workers	Reasonable assurance	7	1	6
Contracts and Procurement	Partial assurance	8	4	4
GDPR – Post Implementation	n/a	8	5	3
Housing Compliance 1	Minimal assurance	16		16
Housing Compliance 2	n/a	9		9
IT – Secure Remote Working	Partial assurance	7	2	5
Rent Collection and Arrears	Reasonable assurance	3	2	1
Repairs – Control of stock	Minimal assurance	9		9
S106 Agreements	Partial assurance	5		5
Street Scene – Control of stock	n/a	8		8
Audits 2021-22	Assurance level	Total	In progress	Complete or superseded
Continuous Assurance 1	n/a	5		5
Continuous Assurance 2	n/a	9		9
Continuous Assurance 4	n/a	3	3	
Council Owned Companies	n/a	5	5	
Disabled Facilities Grants	Substantial assurance	-	-	-
Housing Compliance 3	Partial assurance	6	6	
Income and Banking	Partial assurance	8	4	4
Local Authority Searches	Reasonable assurance	3	2	1
Medium Term Financial Plan	Substantial assurance	2	2	
Total		123	38	85

2 Consultation and Feedback Received, Including Overview and Scrutiny

2.1 None.

3 Reasons for the Recommendation

3.1 Governance and Audit Committee, as part of its terms of reference, is required to consider and accept the internal audit annual report.

4 Next Steps – Communication and Implementation of the Decision

4.1 N/A

5 Financial Implications

5.1 These are contained within the report where appropriate.

Financial Implications reviewed by: Richard Wyles, Assistant Director of Finance

6 Legal and Governance Implications

6.1 The Internal Audit Annual Report and the Head of Internal Auditor's annual opinion is an important aspect of the Council's overall risk and governance assurance framework and provides the Committee with the opportunity to focus on areas for improvement.

Legal Implications reviewed by: Graham Watts, Head of Democratic Services and Deputy Monitoring Officer

7 Equality and Safeguarding Implications

7.1 None.

8 Risk and Mitigation

8.1 These are contained within the report where appropriate.

9 Community Safety Implications

9.1 None.

10 Background Papers

10.1 None.

11 How will the recommendations support South Kesteven District Council's declaration of a 'climate emergency'?

The recommendation will have a neutral effect on the Council's declaration of a climate emergency.

12 Appendices

12.1 Appendix A – Draft Internal Audit Annual Report 2021/22