

Internal Audit Update Report

23 September 2021



Introduction

1. Internal Audit is an independent and objective assurance and consulting function. The shared team undertake reviews over the course of the year that are designed to evaluate and improve the Council's internal control, governance and risk management processes. Each individual review contributes towards the Chief Audit Executive's overall opinion on systems of risk management, governance and control provided at the end of the year.
2. This interim report provides Members with an update on internal audit activity, and, crucially, its outcomes, against the Plan that was agreed by Members of this Committee in March 2021.
3. It also seeks to enable the Committee to discharge its responsibility to provide oversight of the quality and effectiveness of the Internal Audit Partnership through performance information. To this end, the Key Performance Indicators for Quarter 1 are provided in **Annex D**.

Internal Audit Progress Update – 2020/21 Plan

4. Within the 2020/21 Annual Report, I provided a provisional opinion on the one remaining audit to fully complete (Housing Benefits) but did not include a summary as it was not finalised in time for the reporting deadline. Consequently, I have included a summary of the final 2020/21 Housing Benefits report in **Annex B**. There are no significant issues arising from this report to bring to Members' attention.

Internal Audit Progress Update – 2021/22 Plan

5. The approved 2021/22 Internal Audit Plan is divided into two sections; Plan A contains the audits that are priorities for completion and Plan B contains additional audits that will be completed if resources allow.
6. An overall summary of Internal Audit progress against both Plans as at 31 August 2021 is below in **Annex A**. We have made progress against Plan A with three pieces of work fully completed and a further six in fieldwork or reporting stages. The Partnership has been carrying one vacancy since 1 May 2021 as the Auditor employed by Sevenoaks District Council transferred to the Counter Fraud team. At the time of writing this report, the role is being advertised and we intend to hold interviews at the end of September. The vacancy and the outcome of recruitment may have some impact on our ability to deliver the Plan, but we have been able to obtain some contractor resource to mitigate against this to an extent.

Internal Audit Outcomes

7. The table below shows all final audit reports issued and the outcomes since the last report to Audit Committee in July 2021. Summaries of these audits can be found in **Annex B**. Definitions of our 2021/22 assurance ratings are provided in **Annex E**. Members may recall that these definitions have changed from 2020/21, to align them with CIPFA recommended best practice and to allow a more ready translation from individual audit opinions to the overall audit opinion. As the Housing

Benefits report was part of the 2020/21 Plan, the ‘Substantial’ opinion given here refers to the previous definitions and I have provided the full definition for reference.

Audit	Assurance rating
Housing Benefits	Substantial (2020/21 Definitions) – “There is generally a sound framework of control in place that meets Council or service objectives. However, there are isolated weaknesses in design of controls, or inconsistent application of controls, which puts the achievement of a limited number of objectives at risk. A review of this level of assurance may raise a number of MEDIUM priority actions. Agreed actions will be followed up as they fall due.”
Community Grants Process	Not Rated - Advisory
Payroll	Reasonable (2021/22 Definitions – Annex E)
Ten Year Budget Strategy	Reasonable (2021/22 Definitions – Annex E)

8. The audits completed to date this financial year have largely been in relation to core financial systems and processes which play a significant role in the Council’s ability to function effectively. Payroll is a key system as employee costs form a large part of the Council’s expenditure. The ten year budget strategy is important to ensure ongoing financial viability, particularly in these volatile times with the ongoing impact of Covid-19 together with government spending reviews on the horizon.
9. Both of these audits received ‘Reasonable’ assurance with no ‘High’ priority issues raised. The audit findings for both confirmed that the majority of expected controls were in place and operating effectively, including controls relating to scrutiny, review and approval. For both audits, we noted controls or procedures that had not been reviewed for some years and these would benefit from update or review to ensure continued relevance, efficiency and consistency across the organisation.
10. We also undertook an advisory piece of work on the Community Grants process, to review the effectiveness of the process to achieve outcomes whilst minimising the risks of fraud and inefficiency. We found the process to be generally well-controlled with robust assessment and monitoring processes. However, we did again find that the overall framework had not been reviewed for several years, so a review now would be beneficial to ensure continued alignment with strategic direction and objectives.
11. Within ‘Plan A’, we set aside a pot of time for grants assurance work, as Internal Audit sign off is required as a condition of some central government grants relating to the pandemic. To date, we have completed a review of the ‘Restart Grants’ and provided our assurance statement to the Ministry of Housing, Communities and Local Government with no issues raised.
12. In the first quarter of the year, we have also utilised our time on the following:
 - Development of the Risk Management Framework (a further update on this piece of work is provided as a separate agenda item on the Risk Register)

- Completion of an internal disciplinary investigation as requested by Human Resources
- Attendance and input into the Council’s new Procurement Assurance Group
- Ad hoc advice including proposed waivers

13. The chart below shows a breakdown of all audit assurance opinions to date for the 2021/22 financial year. This currently relates to only two audits, but the chart will be continually updated for future progress reports to Committee.



14. One of the primary functions of Internal Audit is to provide assurance that identified risks are being effectively managed and to this end, the table below also provides links between Internal Audit work and the current Strategic Risk Register (presented as a separate agenda item). This does not mean that all controls have been covered as part of our audit but simply shows Members where they may be able to gain some assurance over the management of risk through our work. There are audits on the Plan for all risks currently shown with no coverage with the exception of the new ‘Net Zero’ risk and, as each audit is completed, the table will be updated for future reports to this Committee.

Corporate Risk Register	Current Risk Rating	Internal Audit Coverage	Assurance Level
SR01 Finance	Medium	Ten Year Budget Strategy Covid 19 Grant Funding Payroll	Reasonable NA Reasonable
SR02 Property Investment Strategy	Medium		
SR03 Asset management & maintenance	Low		
SR04 Knowledge, capacity & culture	Medium		
SR05 Technology	Medium		
SR06 Information & data management	Medium		

Corporate Risk Register	Current Risk Rating	Internal Audit Coverage	Assurance Level
SR07 Legal compliance, governance & ethics	Low		
SR08 Capacity of community partners	Low	Community Grants Process	Advisory
SR09 Health & Safety (incl. Staff Wellbeing)	Medium		
SR10 Emergency planning & severe weather events	Medium		
SR11 Safeguarding	Low		
SR12 Covid-19	Medium		
SR13 Temporary Accommodation	Medium		
SR14 Capital Projects	Medium		
SR15 Net Zero	Medium		

Follow Up

15. Internal Audit follows up all Critical, High, Medium and Low priority findings as they fall due. **Annex C** shows the results of our follow up process for actions due in Quarter 1 this financial year. Four 'High' priority actions due have either been deferred or remain outstanding; further details are given on pp15-18. We have recently made changes to the follow up process to make it more robust. All management requests to defer 'High' priority actions for any length of time and 'Medium' priority actions for more than a month must first be approved by the Chief Officer – Finance and Trading; we hope that this will encourage prompt implementation. Auditors are also ensuring that they discuss the realism of proposed implementation dates with managers before reports are finalised.
16. Alongside the changes above, we have also changed the way that we calculate the relevant key performance indicator (page 20). In previous financial years, we discounted deferred actions from the calculation whereas for this financial year, we consider them as 'not implemented'. This has of course resulted in a drop in the KPI figures presented but we consider the new methodology to be a more accurate representation of residual risks.

Internal Audit Performance

17. Audit Committee has an important role to play in monitoring the performance of Internal Audit, in order to assure themselves that Internal Audit makes an effective contribution to governance and that reliance can be placed on its conclusions.
18. To facilitate performance monitoring, a suite of Key Performance Indicators (KPIs) exist. The suite of KPIs to be reported to Audit Committee were revised for 2021/22 and the revised KPIs were approved by Audit Committee in March 2021. The results for Q1 (April – June 2021) are shown at **Annex D**. As at the end of June 2021, there is no data for two of the KPIs as we begin calculating these when 2021/22 final reports are issued. Data for these two indicators will be populated from July 2021 onwards.

19. There are no significant issues to bring to Members' attention from the results of the KPIs to date, but we continue to work on improving efficiency and quality of work as a priority. We reported an update on progress against the overarching Quality Action Plan in July 2021 and we will provide a further update in January 2022.

Conclusion

20. We have commenced our work on the 2021/22 Internal Audit Plan and have made some steady progress, with three final reports issued and a further six in fieldwork or reporting stages. We hope to recruit into the vacant post at the end of the month, which will enable us to make further progress. Both assurance pieces of work received a 'Reasonable' rating which, at this early stage in the financial year, leads me to conclude that my interim overall opinion on systems of risk management, governance and control continues to be 'Reasonable' in line with the opinion provided in July 2021. Managers have agreed the recommendations for all issues raised and consequently there are no risks identified that will not be sufficiently mitigated once these are implemented.

21. We would like to thank Officers, Managers and Members for their ongoing support and co-operation to enable us to deliver our work.

Francesca Chivers, CMIIA

Audit Manager

Annex A – Internal Audit Plan 2020/21

Plan A 2020/21	Audit Title	Type	Current Status	Assurance
2	Housing Benefits (Shared)	Risk Based	Complete	Substantial
Plan A 2021/22	Audit Title	Type	Current Status	Assurance
1	Assurance Mapping	Consultancy	Fieldwork	
2	Property Investment Strategy	Risk Based	Fieldwork	
3	Fraud Risk Assessment	Consultancy	Not yet started	
4	IT Governance	Risk Based	Not yet started	
5	Ten Year Budget	Risk Based	Complete	Reasonable
6	Corporate Landlord Liabilities	Risk Based	Not yet started	
7	Purchase Orders Continuous Assurance	Consultancy	Not yet started	
8	New Service Review - Environmental Health	Risk Based	Not yet started	
9	Emergency Planning	Risk Based	Not yet started	
10	Staff Wellbeing	Risk Based	Not yet started	
11	Appraisals	Risk Based	Draft Report Issued	
12	Information Security	Risk Based	Not yet started	
13	Safeguarding	Risk Based	Planning	
14	Temporary Accommodation	Risk Based	Not yet started	
15	Covid-19 Recovery	Risk Based	Not yet started	
16	S106 Agreements	Risk Based	Fieldwork	
17	Companies - Quercus	Risk Based	Not yet started	
18	Grants Process	Consultancy	Complete	N/A
19	Council Tax and Enforcement (shared)	Risk Based	Not yet started	
20	Asset Management	Consultancy	Not yet started	
21	Covid-19 Grant Funding	Risk Based	Fieldwork	
22	Ethical Governance	Risk Based	Not yet started	
23	Legal Service Processes (Case Management)	Risk Based	Not yet started	
24	Parking Processes - Residents Permits and PCN processing (including appeals and cancellations)	Risk Based	Not yet started	
25	Corporate Credit Cards	Risk Based	Feedback / Review	
26	Payroll	Risk Based	Complete	Reasonable
Plan B 2021/22	Audit Title	Type	Current Status	Assurance
1	Council Tax Reduction Scheme	Risk Based	Not yet started	
2	Local Plan	Consultancy	Not yet started	
3	Equality and Diversity	Risk Based	Not yet started	

Plan A 2020/21	Audit Title	Type	Current Status	Assurance
4	Workforce Development / Talent Management / Succession Planning	Risk Based	Not yet started	
5	Workforce Strategy	Risk Based	Not yet started	
6	Training and Development	Risk Based	Not yet started	
7	Community safety	Risk Based	Not yet started	
8	Taxis	Risk Based	Not yet started	
9	Pre-Application advice	Risk Based	Not yet started	
10	Print Studio	Consultancy	Not yet started	
11	Asset Management	Risk Based	Not yet started	
12	Council Tax Enforcement	Consultancy	Not yet started	
13	Discretionary Powers	Risk Based	Not yet started	
14	Disaster Recovery	Risk Based	Not yet started	
15	My Account function	Risk Based	Not yet started	
16	Governance - Committee Process	Risk Based	Not yet started	
17	Procurement	Risk Based	Not yet started	
18	Safety Advisory Group	Risk Based	Not yet started	
19	Leases	Consultancy	Not yet started	

Annex B - Summaries of Audit Reports issued

Housing Benefits (Substantial Assurance) – Issued in July 2021

The aim of the audit was to provide assurance that the current processes in place are effective in ensuring only those entitled to Housing Benefits receive them.

At the time of testing, the service had developed a flowchart, showing the process for assessments of applications, and checklists along-side a Risk Based Verification (RBV) desk aid tool. At the time of fieldwork, the RBV policy and desk aid did not reflect working practices due to the reliance on Searchlight checks to verify information rather than original documentation. The new Benefits Evidence Verification Strategy, however, replaced the RBV policy from April 2021 and does include details regarding the reliance on CIS checks.

Testing indicated that applications are assessed correctly and appropriate evidence and documents are retained on the system.

Testing also highlighted that for Changes of Circumstances applications input sheets were not always being completed as part of the normal practice.

The main issue we have raised is concerning Quality Assurance (QA). We noted that checks through the QA module reduced due to priorities of making COVID19 payments. We have been advised by the service that other checks were maintained including Management Information System checks, which do not use the QA module available. We believe that the Management Information System should use the QA module to provide more detailed information about the checks that have been completed.

The table below summarises our findings and management responses:

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
Medium	1	1	0
Low	1	1	0
Total	2	2	0

Grants Process (Advisory - Not Rated) – Issued in August 2021

The objective of this audit was to review the community grants process and ensure it is effective, including monitoring processes to ensure outcomes are being achieved whilst minimising the risks of fraud.

The service has adapted to an online process for community grants using the CRM System, which is adequate in design. The focus for 2020-21 was to develop an online platform for application and evaluation, and we understand the service is keen to further develop it for monitoring and to explore its reporting functionalities. We believe this would be beneficial to further streamline the process, and to reduce the level of manual input, creating and recording information on spreadsheets.

The fraud risks associated with the community grants process are generally controlled, although there are gaps where groups are not required to make a positive affirmation of the data they have submitted and business or charity numbers are not verified. The service should also consider trying to engage Finance again for their expertise in verifying groups or organisation accounts.

The Code of Practice for Grant Making provides a sound framework of principles for grant schemes to ensure consistency across the Council. The principles themselves are not prescriptive, thus allowing for some differences between schemes whilst minimising the risks of fraud. The appendices are more prescriptive and the provisions will be appropriate in many circumstances. However we understand through discussions with officers that, particularly in light of events over the past year, the Council would like to broaden the reach of its Community Grants scheme to include smaller groups or one off events.

The monitoring arrangements in terms of the intervals are reasonable for both levels of grant awarded. The focus of the monitoring form is appropriate, by ensuring the objectives have been achieved or are on track, and how this benefitted residents, as well as the output in terms of the indicators. Monitoring is largely the same for both levels of grant, albeit at different intervals, which may not be proportionate for smaller grants awarded, particularly where smaller groups or lesser established organisations may not be familiar with how to phrase or measure performance indicators.

Our analysis of the performance indicators identified common themes across the projects. There are clear themes in the performance indicators and although there are differences in the wording or phrasing, they aim to deliver similar benefits. The service may benefit from developing a suite of standardised performance indicators to assist those less familiar and to increase performance reporting.

Payroll (Reasonable Assurance) – Issued in August 2021

This audit aimed to review the effectiveness of controls over key elements of payroll including discretionary deductions, expenses and pre-payroll processes.

We found the controls over the payroll are generally sound in both design and operation. Our testing confirmed discretionary deductions are accurately input on appropriate instruction and retained on file. However, a common theme identified throughout testing was the inconsistency in which records are stored.

The process to claim overtime is sufficient, with claims now being made electronically through iTrent. However, the process to claim mileage and the claim form requires improvement to ensure mileage claims are accurate and can be verified by the authoriser.

We also reviewed the pre-payroll processes and identified efficiencies in the checking carried out, where spreadsheets are relied on to verify payroll figures. The service may wish to explore the reporting function further to eliminate the use of the spreadsheets.

We have summarised our actions and management responses in the table below:

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
Medium	2	2	0
Low	3	3	0
Total	0	5	0

Ten Year Budget Strategy (Reasonable Assurance) – Issued in August 2021

The objective of the audit was to review the effectiveness of controls over budget setting and long-term financial planning to provide assurance on the ten-year budget strategy arrangements.

The ten-year budget strategy came into effect at SDC in 2011 on the basis that Government funding for Councils was significantly reducing. As an alternative to making significant budget cuts annually, the Council instead sought to make long term assumptions on their financial status.

The budget setting process normally concludes in February of each year and is agreed by the Finance & Investment Advisory Committee and Cabinet. The most recent budget setting process took place earlier, in November 2020, in order to more effectively manage impacts arising from the Covid-19 pandemic.

Our testing confirmed that the Council has adequate, effective, and reliable controls in place over budget setting and long-term financial planning.

We noted the following areas of key strengths:

- The Financial Procedure Rules documents the policy around financial planning and budgeting. Responsibilities of key stakeholders are outlined clearly within this document.
- SDC's strategic priorities are aligned to the ten-year budget strategy. The ten-year budget strategy goes through all six Advisory Committees at SDC. One of their roles is to maintain oversight over various strategies and programmes, which is how SDC ensure that financial planning is aligned to SDC's strategic priorities.
- Variances in budgets are identified, explained, and presented to key stakeholders, enabling SDC to identify changes in trends and resource requirements at the earliest opportunity.
- Financial assumptions are set out in the budget and the justifications for assumptions have been presented to Cabinet for review prior to their approval.
- Assumptions are reviewed throughout the budget setting process and the Chief Officer of Finance and Trading receives the latest information from the relevant managers to keep in view for the following year's budget setting process.
- Key stakeholders receive frequent updates on budgets and financial performance and there are regular meetings held during the year to review progress against the financial plan.

Key areas for development include:

- The Financial Procedure Rules document is not periodically updated. The last update took place in August 2014.
- Based on discussions with a sample of stakeholders, three out of five stakeholders have not previously reviewed the Financial Procedure Rules document.

We have raised 2 recommendations resulting from our testing. The priority rating of these actions is set out below.

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
Medium	1	1	0
Low	1	1	0
Total	2	2	0

Annex C - Audit actions

We raise recommendations to assist management in addressing control failings, or to suggest service improvements following the results of our testing. In accordance with our follow-up process all audit actions are tracked and followed up when they fall due. The table below shows all audits with open actions from April 2021 to the date of writing. Column E indicates which of these were due between April and June 2021, which we have now followed up. Columns G and H give a summary of that follow up process:

A - Project	B - Service Manager	C - Report Issue Date & Rating	D - Agreed actions in Final Report	E - Actions due in Q1	F - Not yet due	G - Closed during Q1	H - Deferrals this Qtr.	I - Total actions complete to date	J - Total actions outstanding
Animal Welfare (shared review) 2019/20	Nick Chapman	September 2020 Substantial Assurance	3	1 (M), 1 (L)	0	1 (M), 1 (L)	0	3	0
COVID-19 Response & Recovery 2020/21	Richard Morris	December 2020 Substantial Assurance	10	8 (M), 1 (L)	1(M)	5 (M)	2 (M), 1 (L)	6	4
Local Land Charges 2020/21	Fraser McGregor	December 2020 Substantial Assurance	6.5	3 (M), 1 (L)	0	3 (M), 1 (L)	0	6.5	0
Budgetary Control & Monitoring 2020/21	Alan Mitchell	December 2020 Substantial Assurance	3	2 (M)	0	1 (M)	1 (M)	2	1
Planning Enforcement 2020/21	Evelyn Gilder	January 2021 Substantial Assurance	5	3 (M), 2(L)	0	3 (M), 2 (L)	0	5	0
Cyber Security 2020/21	Darren Lepper	February 2021 Limited Assurance	9	3 (H), 5 (M)	1 (M)	1 (H), 2 (M)	2 (H), 3(M)	3	6
Housing Allocations Policy 2020/21	Rav Kensrey	March 2021 Limited Assurance	6	1 (H), 3 (M), 1 (L)	0	1 (L)	0	1	5
Local Air Quality Management 2020/21	Nick Chapman	March 2021 Limited Assurance	7	1 (H),5 (M)	1 (M)	3 (M)	1 (H), 2 (M)	3	4
Fleet Management 2020/21	Trevor Kennett	April 2021 Substantial Assurance	5	3 (M)	1 (M), 1 (L)	3 (M)	0	3	2

A - Project	B - Service Manager	C - Report Issue Date & Rating	D - Agreed actions in Final Report	E - Actions due in Q1	F - Not yet due	G - Closed during Q1	H - Deferrals this Qtr.	I - Total actions complete to date	J - Total actions outstanding
Licensing Administration Fees 2020/21	Sharon Bamborough	June 2021 Substantial Assurance	5	0	4(M), 1(L)	0	0	0	5
Customer Solutions (Phones) 2020/21	Amy Wilton	June 2021 Substantial Assurance	6	1(M), 2(L)	2(M),1(L)	1(M), 2(L)	0	3	3
Disabled Facilities Grants 2020/21	Daniel Shaw	June 2021 Substantial Assurance	2	1(M), 1(L)	0	1(M), 1(L)	0	2	0
Housing Benefits 2020/21	Heather Gaynor	July 2021 Substantial	2	0	1(M,) 1 (L)	0	0	0	2
Payroll 2021/22	Graeme Taylor	August 2022 Reasonable	5	0	2 (M), 3(L)	0	0	0	5
Ten Year Budget Strategy	Adrian Rowbotham	August 2022 Reasonable	2	0	1 (M), 1(L)	0	0	0	2
		TOTAL	76.5	49	22	32	12	37.5	39

Based on the results of our follow-up work, there are now **39** open actions which we are actively tracking and monitoring. We will report progress on implementation of these actions as they fall due, as part of this regular summary report.

Deferrals

This table shows the **twelve** audit actions that have been deferred or are in progress beyond the due date. Officers have been asked to provide an update on progress, and the reason for the deferral:

Project	Action (including priority)	Original agreed date	Revised date	Reason for deferral	No. of times deferred
COVID-19 Response & Recovery 2020/21	1.Framework (Medium)	30/6/21	30/9/21	<p>Management Comments: This action is partially complete, as all files are now stored on The Action Manager (TAM). An external consultant is currently reviewing and rewriting the Major Emergency Plan and the District Emergency Centre Handbook.</p> <p>Audit Comments: A 3 month deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
COVID-19 Response & Recovery 2020/21	4.Selection and training strategy (Medium)	30/6/21	30/11/21	<p>Management Comments: An external consultant has been appointed to undertake a review, and a strategy will be developed from this.</p> <p>Audit Comments: A deferral to November 2021 has been agreed by the Chief Officer Finance & Trading</p>	1
COVID-19 Response & Recovery 2020/21	10.Strategic Co-ordinating Group / Tactical Co-ordinating Group (Low)	30/6/21	30/9/21	<p>Management Comments: This will form part of the new handbook and procedures referenced above.</p> <p>Audit Comments: A 3 month deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Budgetary Control & Monitoring 2020/21	1.Procedures and guidance (Medium)	31/3/21 & 31/5/21	31/8/21	<p>Management Comments: The training notes have been drafted but not yet approved.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	2

Cyber Security 2020/21	6.Build Process for Desktops, Laptops & Servers (High)	30/6/21	31/8/21	<p>Management Comments: To automate a manual process, so no security vulnerability in itself, but an automated process means there is less room for human error. Due to workload in IT at present, this work is being outsourced for a contractor to complete, starting w/c 26/07/21.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Cyber Security 2020/21	7.Penetration Testing (Medium)	30/6/21	30/7/21	<p>Management Comments: A test of our network, that is usually annual. Courtesy of the LGA, we are having a test done this week. Extension requested to 30/07/21.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Cyber Security 2020/21	8.Malware Prevention – F Secure (Medium)	30/6/21	31/8/21	<p>Management Comments: To automate a manual process, so no security vulnerability in itself, but an automated process means there is less room for human error. Due to workload in IT at present, this work is being outsourced for a contractor to complete, starting w/c 26/07/21.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Cyber Security 2020/21	9.Security Training (High)	30/6/21	30/7/21	<p>Management Comments: We have identified that our own Office365 environment can simulate this for us so we do not need to outsource. Short extension requested to set up and implement.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Cyber Security 2020/21	10.Firewall Administrative Interface (Medium)	30/6/21	30/7/21	<p>Management Comments: This will be included in the penetration test at point 7 above.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading.</p>	1

Local Air Quality Management 2020/21	1.Approval of Action Plan (High)	30/6/21	16/11/21	<p>Management Comments: The Air Quality Action Plan needs to be agreed at Council and cannot be delegated. Consequently we hope it will be scheduled to progress through committees, cabinet and council in the Autumn.</p> <p>We are attending C&G Advisory Committee, and Cabinet over the next few weeks to update Councillors and to (hopefully) agree the potential revocation of 5 of the 9 existing Air Quality Management Areas. We also hope to agree the formulation of a member/ officer working group which can then consider possible pollution reduction measures.</p> <p>In the interim, officers have already met with our consultant and we have identified a number of draft actions which should speed up this process and we continue to work with the Principal Planning Officer to align Air Quality and Net Zero priorities.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading.</p>	1
Local Air Quality Management 2020/21	3.Service Agreements (Medium)	30/4/21	31/7/21	<p>Management Comments: Agreements are being procured in the next couple of months.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading.</p>	1
Local Air Quality Management 2020/21	5.Performance Indicators (Medium)	30/4/21	31/7/21	<p>Management Comments: This is an issue with the partnership split. The Performance Indicators need to feed into with Community Plan. Extension for July 2021.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading.</p>	1

Outstanding Actions not deferred / no response to follow up

Project	Action (including priority)	Original agreed date (& revised date if applicable)	Responsible Officer	No. of times previously deferred	
Housing Allocations Policy 2020/21	1.Housing applications evidence (High)	30/4/21	Rav Kensrey	0	Management have advised that this action is implemented, but we are awaiting evidence.
Housing Allocations Policy 2020/21	2.Tasks and reviews (Medium)	30/4/21	Rav Kensrey	0	As above (action 1)
Housing Allocations Policy 2020/21	3.Autobids (Medium)	31/5/21	Rav Kensrey	0	As above (action 1)
Housing Allocations Policy 2020/21	4.Communication (Medium)	30/4/21	Rav Kensrey	0	As above (action 1)
Housing Allocations Policy 2020/21	6.Shortlisting (Low)	30/4/21	Rav Kensrey	0	As above (action 1)

Annex D – Key Performance Indicators for Q1 (April – June)

Finance: Associated performance indicators	Q1 (April – June)
<p>F1: Percentage of budgeted days taken to complete projects – <i>Target 100%</i> Reported on a cumulative basis</p> <p>Indicator measures any variance between the days agreed on the final brief vs. the actual time coded</p>	TBC – this KPI will commence when final reports for 2021/22 issued
<p>F2: Chargeable days – <i>Target 75%</i> Reported on a quarterly basis</p> <p>Indicator measures the actual chargeable activities against the assumptions made in the audit plan</p>	Average 69%
<p>F3: PSIAS conformance – <i>Target ‘Generally Conforms’ (IIA definition)</i> Reported annually</p> <p>Indicator measures effectiveness of the Quality Assurance & Improvement Programme (QAIP) to ensure compliance with professional Standards.</p>	To be reported at the end of 2021/22
Client satisfaction: Associated performance indicators	Q1 (April – June)
<p>C1: Respondents satisfied with the overall audit experience – <i>Target 90%</i> Reported on a project by project basis</p> <p>Indicator measures Client satisfaction with how we undertook the work, and takes into account our professionalism, approach and competence</p>	6/6 100%
<p>C2: Respondents agreement with the audit actions – <i>Target 90%</i> Reported on a project by project basis</p> <p>Indicator measures Client agreement to the audit findings and resulting actions from our audit work</p>	27/27 100%

Internal processes: Associated performance indicators	Q1 (April – June)
<p>I1: Percentage of draft audit briefs issued at least 10 working days before the start of fieldwork. - <i>Target 90%</i> Reported on a project by project basis</p> <p>Indicator measures the effectiveness of our project planning and communications with the client</p>	5/5 100%
<p>I2: Percentage of draft audit reports issued by the date given on the final audit brief - <i>Target 70%</i> Reported on a project by project basis</p> <p>Indicator measures the efficiency of our audit work, currency of our audit finding and effective engagement between Auditors and Clients</p>	TBC – this KPI will commence when final reports for 2021/22 issued
<p>I3: Time taken between issue of the DRAFT report and FINAL report – <i>Target 15 working days</i> Reported on a project by project basis</p> <p>Indicator measures the effectiveness of our process to finalise audit reports and issue the report in a timely manner</p>	3/5 60%
Learning & Development: Associated performance indicators	Q1 (April – June)
<p>L1: Audit actions fully implemented within agreed timescales – <i>Target 80%</i> Reported on a monthly basis</p> <p>Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process</p>	<p>April – 5/5 = 100%</p> <p>May – 5/16 = 31%</p> <p>June – 3/5 = 60%</p> <p>July – 24/34 = 71%</p>

L2: Training & development days - *No of days to be confirmed when Plan finalised* Reported **annually**

Indicator measures our investment and time spent on training and development against the assumptions made in the audit plan

17.17 Days
(annual budget of 29 days)

Annex E - Definitions of Assurance ratings:

OPINION	DEFINITIONS
<p>Substantial Assurance</p>	<p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>
<p>Reasonable Assurance</p>	<p>There is a generally sound system of governance, risk management and control in place.</p> <p>Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>
<p>Limited Assurance</p>	<p>Significant gaps, weaknesses or non-compliance were identified.</p> <p>Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>
<p>No Assurance</p>	<p>Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.</p> <p>The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.</p>