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**Report to:** Governance and Audit Committee

**Date:** 12 May 2020

**Subject:** **Internal Audit Progress Report**

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**Director(s):** Angela Taylor, Director, Corporate Services

**Author(s):** Bron Baker, Head of Internal Audit

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## 1. Purpose of this report

- 1.1. To ask members to consider the contents of the report and supporting appendix detailing the progress against the delivery of the annual internal audit plan.

## 2. Information

### **Audit Delivery for 2019/20**

- 2.1 Internal audit has continued to prioritise delivery that gives a combination of compliance within Directorates alongside advisory feedback to the corporate areas responsible for the policy. This delivery is in line with the revised plan that was presented to the last Governance and Audit Committee meeting.
- 2.2 The reviews that remain outstanding are highlighted in the attached progress report, but the focus is now predominantly on establishing a baseline compliance view on procurement and contract management.  
**UPDATE:** A draft contract management report has been issued and the draft reports for procurement and ICT software are currently being written.

### **Completed reviews to date**

- 2.3 Since the last Governance and Audit Committee meeting reviews on compliance with HR policies in two further directorates have been completed, and in addition, an advisory report has been issued providing feedback to the HR team with suggested areas of improvement. This work is summarised in the attached progress report along with a response from the HR team to highlight the way in which they are responding to this feedback from the business.

### **Planning for 2020/21**

- 2.4 Internal Audit has been developing the proposed Internal Audit Plan for 2020/21. A separate report is on the agenda which provides the outcome of the consultation. The Committee is also advised that a piece of planning work with

external ICT auditors is being conducted now to inform the planned ICT work for 20/21. This will help to ensure that our budget for this work delivers best value and begins delivery as early as possible in the new plan year.

**UPDATE:** given the current circumstances, the proposed plan will be subject to further review. Internal Audit is currently providing advice and guidance on a number of areas that are now more pertinent given both the Covid-19 crisis and the announcement of a devolution deal for the region. Internal Audit is also providing practical assistance to areas struggling to cope in the current environment, for example administering a process for allowing staff to access equipment on behalf of HR. This assistance will be time limited.

### **Customer Feedback**

- 2.5 Customer feedback has now been received for a number of Internal Audit reviews to date and as per the information provided to the January Committee, qualitative comments will now also be included for the Committee's information.

### **Internal Audit Organisational Design (OD)**

- 2.6 As advised at the last Committee, two existing Internal Auditors left the team in December 2019, so it is currently operating at reduced capacity. One of these was due to the scheduled ending of a fixed term contract. Temporary cover is now in place whilst a full recruitment process takes place for the vacant post. **UPDATE:** the temporary cover has now finished and there has been a successful recruitment to a full time replacement who is due to start in the latter half of May.

### **Fraud/ Whistleblowing/ Money Laundering**

- 2.7 Internal Audit has been updated on the anonymous whistleblowing allegation received by HR, but due to lack of evidence and follow up from the whistleblower, this investigation is now complete with no further action to be taken.
- 2.8 There have been no money laundering incidents to investigate so far this year and no further potential fraud allegations.

### **3. Financial implications**

- 3.1 None.

### **4. Legal implications**

- 4.1 None.

### **5 Staffing implications**

- 5.1 As noted in the report.

### **6. External Consultees**

- 6.1 No external consultations have been undertaken.

**7. Recommendations**

7.1 That the Committee consider the internal audit progress to date.

**8. Background Documents**

None.

**9. Appendices**

Appendix 1 – Internal Audit Progress Report May 2020