

Southend-on-Sea Borough Council

Report of the Executive Director (Finance and Resources)

To

Audit Committee

On

12 January 2022

Agenda
Item No.

Report prepared by: Andrew Barnes, Head of Internal Audit

Internal Audit Services, Quarterly Performance Report

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To update the Audit Committee on the progress made in delivering the Internal Audit Strategy for 2021/22.

2. Recommendations

- 2.1 **The Audit Committee notes the progress made in delivering the 2021/22 Internal Audit Strategy.**

3. Internal Audit Plan Status

- 3.1 **Appendix 1** sets out the current status of the audit work contained in the updated plan, as at 17 December.
- 3.2 **Appendices 2 and 3** set out the results of the work completed since the last progress report to the Audit Committee in January.
- 3.3 In addition to planned audit work, the team has also been assisting the organisation with the work being undertaken to deliver Future Ways of Working, providing challenge and advice to the teams working on delivering the outcomes required for the Council to change, as well as the Head of Internal Audit joint leading the 'Decision Making' workstream within that programme.
- 3.4 The team has also continued to provide support resource to assist with the Council's Track and Trace team in response to the Covid-19 pandemic, with the business support officer being seconded into that team.
- 3.5 In order to ensure that our work remains focussed on the areas of greatest risk to the Council, we continue to consider our Audit Plan for 2021/22 that was initially prepared for the Committee meeting that was due to take place in October 2021, but was deferred to December 2021. As noted in that report, the plan remains continuously under review, as will the utilisation of internal audit resources, in the context of the Council's ongoing response to the Covid-19 pandemic.

3.6 Since the last report to the Committee requests have been made by the Council and senior management to review and assist with work being undertaken in a number of areas, and therefore the audit plan has been further amended to reflect the following items that are noted as 'New' in Appendix 1:

- Smart Council Programme Assurance to assess the robustness of the arrangements to deliver the programme of works required to achieve the Council's target technology operating model
- Transport joint venture contract management of core services to assess the performance of the Council's joint venture company (Vecteo), which has been responsible for delivering core transport services through Southend since 1 March 2020
- Procurement of the transport joint venture partner for the Council's passenger transport service to assess the robustness of the procurement arrangements to secure the appropriate partner to deliver the required services.

3.7 In addition to the Advice and Support items detailed at Appendix 1, the team has been providing support on work and arrangements that the Council is undertaking in respect of:

- Reviewing and updating the Council's governance framework so that this can be optimised to support the delivery of the new corporate plan and meet the Council's objective of simple and effective governance
- Addressing the findings arising from a DVLA audit of the Council's use of their services
- Supporting the Procurement team with their work to secure increased compliance with procurement requirements and contract procedure rules
- Reviewing a complaint in respect of the provision of a new children's residential care provision in the borough
- Support and challenge to the service as they examined the Hay's agency recruitment process and compliance checks for new employees.

4. Performance Targets and Resourcing

4.1 As outlined in the Strategy presented to the December 2021 Audit Committee, the team will be reporting on a more limited set of indicators this year given the amount of work that is still being contracted out.

4.2 As at 17 December 2021:

- For the period 1st April 2021 – 17th December 2021 the team had no sickness absence. This represents a significant improvement on the position compared to the previous period.

- 4.3 In terms of the 50 jobs now included in the audit plan:
- 27% of audits are complete with finalised reports issued
 - 9% of audits are complete with draft reports issued
 - 31% of audits are in progress
 - 9% of audits have terms of reference being agreed
 - 15% of audits are being planned
 - 9% of audits are resourced, but yet to be started.
- 4.4 No stakeholder surveys have been completed for 2021/22 because of the impact of Covid-19 and the redeployment of the Business Support Officer to assist with the Council's track and trace team, however it is planned that she will re-join the team at the end of January 2022 and then the stakeholder surveys will be recommenced.
- 4.5 Since the last report to the Audit Committee in December 2021 there have been no changes to the staffing of the team. The salaries of the vacant posts are being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan
- 4.6 In December 2021 the internal audit team engaged with the Learning and Development Team to facilitate a session to apply the team's analytical thinking into the current position of the internal audit team and the expected requirements of the internal audit service into the future, as this continues to evolve both at an industry level and at a local level. The results of this session will be used to develop an action plan for the team to assist with the development and delivery of the most appropriate team model, utilising the financial resources available.

5. Reasons for Recommendations

- 5.1 Internal audit is an assurance function providing assurance to assist the Audit Committee to effectively discharge its responsibilities as per its Terms of Reference. The delivery of the internal audit plan will assist the Audit Committee with obtaining assurance that the Annual Governance Statement appropriately reflects the conditions at the Council.**

6. Corporate Implications

- 6.1 Contribution to the Southend 2050 Road Map
Audit work provides assurance and identifies opportunities for improvements that contribute to the delivery of all Southend 2050 outcomes.
- 6.2 Financial Implications
The Audit Plan will be delivered within the approved budget.
- 6.3 Legal Implications
The UK Public Sector Internal Audit Standards require the Audit Committee to approve (but not direct) the annual Internal Audit Plan and then receive regular updates on its delivery. This report contributes to discharging this duty.

6.4 People Implications

People issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

6.5 Property implications

Property issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

6.6 Consultation

The audit risk assessment and the Audit Plan are periodically discussed with the Chief Executive, Deputy Chief Executives and Directors before being reported to the Audit Committee.

All terms of reference and draft reports are discussed with the relevant Managers, Directors or Deputy Chief Executive before being finalised.

6.7 Equalities and Diversity Implications

The relevance of equality and diversity is considered during the initial planning stage of each audit before the Terms of Reference are agreed.

6.8 Risk Assessment

Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework that may impact of the Council's ability to deliver the Southend 2050 Ambition and outcomes.

The main risks the team continues to manage are the:

- potential loss of in-house staff and the ability of the service to replace this resource in a timely manner
- lack of management capacity to support and develop the team, while processing work in a timely manner and providing strategic leadership to the team and support to the Council
- possibility that the external supplier won't deliver contracted-in work within the required deadlines to the expected quality standards
- need to maintain relationships with clients / partners while the service is being rebuilt.

6.9 Value for Money

Opportunities to improve value for money in the delivery of services are identified during some reviews and recommendations made as appropriate.

Internal Audit also periodically considers whether it provides a value for money service.

6.10 Community Safety Implications

These issues are only considered if relevant to a specific audit review.

6.11 Environmental Impact

These issues are only considered if relevant to a specific audit review.

7. Background Papers

- The Accounts and Audit Regulations 2015
- UK Public Sector Internal Audit Standards
- CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards

8. Appendices

- Appendix 1 Internal Audit Plan 2021/22 progress status
- Appendix 2 Audit Assurance and Themes – High assurance
- Appendix 3 Audit Assurance and Themes – Other audits and Grant Claims