

# Southend-on-Sea City Council

Report of the Deputy Chief Executive and Executive  
Director (Finance and Resources)

To

**Audit Committee**

On

**27 April 2022**

Report prepared by: Andrew Barnes, Head of Internal Audit

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**Internal Audit Services, Quarterly Performance Report**

***A Part 1 Public Agenda Item***

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**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 14 April.

3.2 **Appendices 2 to 6** 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, through undertaking work on Risk Management arrangements and the Council's Governance arrangements.

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 until the end of March.

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 and other challenges arising in the external environment.

- 3.6 Since the last report to the Committee updates to the Audit Plan for 2021/22 have been made, and therefore the Audit Plan has been further amended to reflect the changing circumstances, as is reflected in the commentary included at Appendix 1.
- 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 aspiration for simple and effective governance
  - 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.
- 3.8 The team have received feedback from the Director of Regeneration and Growth on the support provided in respect of the Adult Community College as follows: 'Many thanks for the support you've provided to the new governance group we've established with the 'in-housing' of the Adult Community College over the last year. Your good practice insight and challenge have been so valuable as we've moved through shadow arrangements to fully taking over responsibilities from the Governing Body. You have helped us to add appropriate considerations, further knitting the college into the wider organisation and our ways of working'.

#### **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 14 April 2022:
- For the period 1 April 2021 – 31 March 2022 the team had 0.4 days sickness absence. This represents a significant improvement on the position compared to the previous period.
- 4.3 In terms of the 42 jobs now included in the audit plan:
- 60% of audits are complete with finalised reports issued
  - 2% of audits are complete with draft reports issued
  - 7% of audits are complete with draft reports being prepared
  - 19% of audits are in progress
  - 2% of audits have terms of reference agreed, with timing being discussed
  - 5% of audits have terms of reference being discussed
  - 5% of audits are being planned.

- 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. It was originally planned that these would be re-introduced for audits completed as part of the 2021/22 audit plan and reported to Audit Committee in due course. However, due to the Covid-19 Omicron variant and surge in cases, the Business Support Officer's redeployment was extended until the 31 March 2022. She has returned to the audit team from 1 April 2022, so surveys for completed works will now be re-commenced.
- 4.5 Since the last report to the Audit Committee in January 2022 there has been one change to the staffing of the team. An auditor has been appointed on a six-month fixed term contract to undertake the grant verification audits. 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 at Southend 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 have been 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 Executive 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 suppliers 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 – Satisfactory assurance
- Appendix 4 Audit Assurance and Themes – Partial assurance
- Appendix 5 Audit Assurance and Themes – Other audits and Grant Claims
- Appendix 6 Audit Assurance and Themes – Follow up assurance