



## Governance & Audit Committee – 14<sup>th</sup> April 2020

### LGSS Internal Audit – Internal Audit Plan 2020/21

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#### **Purpose of report:**

To seek committee approval of the Internal Audit Plan for 2020/21, in line with the requirements of the Public Sector Internal Audit Standards.

#### **Appendix A: Internal Audit Plan 2020/21**

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##### **1.0 Background**

1.1 The Public Sector Internal Audit Standards require the annual Audit Plan to be reviewed and approved by the 'Audit Committee'. The Audit Plan should be developed based upon key risks identified through consultation with Senior Management and members of the Committee.

##### **2.0 Internal Audit Plan 2020/21**

2.1 Appendix A to this report provides further detail on the 2020/21 Audit Plan including a draft programme of audits.

##### **3.0 Equality and Diversity Implications**

3.1 There are no equality and diversity implications arising from the report.

##### **4.0 Privacy Impact Assessment**

4.1 There are no privacy impact implications arising from the report.

##### **5.0 Health Impact Assessment**

5.1 There are no health impact implications arising from the report.

##### **6.0 Legal Implications**

6.1 There are no legal implications arising from the report.

##### **7.0 Risk Management**

7.1 There are no significant risks arising from the proposed recommendations in this report. The audit plan has been developed taking into account the Council's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit Committee. Audits are focused upon providing independent assurance over the controls the Council has in place to manage and mitigate its risks.

##### **8.0 Financial Implications**

8.1 There are no financial implications arising from the report. The Audit Plan has been based upon the number of days commissioned by East Northamptonshire Council on

an annual basis.

## 9.0 Corporate Outcomes


9.1 Effective Management - The Annual Audit Plan is designed to provide Members with assurance as to the effective management of the council's most significant risks.

## 10 Recommendations

10.1 (1) The Committee reviews and approves the Audit Plan for 2020/21.

(2) The Committee gives delegated authority to the S151 Officer to, in consultation with the Chair and Vice Chair of the Governance and Audit Committee, agree amendments to the Plan during the financial year, if required.

*(Reason – To demonstrate that the Committee is discharging its responsibilities in conformance with the Public Sector Internal Audit Standards).*

<b>Legal</b>	Power: It is a statutory requirement for Councils to have an Internal Audit function in accordance with the Local Government Act 1972.				
	Other considerations: Internal audit and the "Audit Committee" should also conform to the relevant professional guidance – the Public Sector Internal Audit Standards.				
<b>Background Papers:</b> None					
<b>Person Originating Report:</b> Rachel Ashley-Caunt, Head of Internal Audit, rashley-caunt@rutland.gov.uk					
<b>Date:</b> 5 <sup>th</sup> March 2020					
<b>CFO</b> 17/03/20			<b>MO</b>		<b>CX</b>

(Committee Report Normal Rev. 22)

**EAST NORTHAMPTONSHIRE COUNCIL  
INTERNAL AUDIT PROGRESS & PERFORMANCE UPDATE  
MARCH 2020**



**Date: 14<sup>th</sup> April 2020**

## ***Introduction***

- 1.1 LGSS provides the Internal Audit service for East Northamptonshire Council and has been commissioned to provide 230 days to deliver the 2019/20 Annual Audit Plan and undertake other work commissioned by the client.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Governance & Audit committee to scrutinise the performance of the Internal Audit Team and to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the council. This report aims to provide the committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the audit team.

## ***Performance***

### **2.1 Will the Internal Audit Plan for 2019/20 be delivered?**

LGSS has been set the objective of delivering at least 90% of the Internal Audit plan for 2019/20 to draft report stage by the end of March 2020.

At the time of reporting, work is either complete or underway on 100% of planned assignments.

Progress on individual assignments is shown in Table 1.

### **2.2 Are audits being delivered to budget?**

Internal Audit is on target to deliver the Audit Plan within the days commissioned. Any overruns on individual assignments are managed within the overall budget.

### **2.3 Are clients satisfied with the quality of the Internal Audit assignments?**

All responses from clients during the year to date are summarised in Table 2.

### **2.4 Is the Internal Audit team achieving the expected level of productivity?**

As at week 49, the team had been delivering 94% productivity, against the target set of 90%.

### **2.5 Are audit recommendations being implemented in a timely manner?**

Recommendations are reviewed as part of the Council's quarterly performance clinics. Updates are returned explaining action taken to complete a recommendation by the target date or, if this is not possible, to provide explanations for non-compliance and details of their expected target dates for completion.

At the time of reporting, there are 62 audit recommendations which remain overdue for completion. Further details are provided in Tables 3 and 4.

2.5 **Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?**

Since the last committee meeting, a further two audit reports have been finalised. The key findings are as follows:

**Main accounting system**

The maintenance of accurate and complete records on the main accounting system (Civica Financials) is central to the Council's overall framework of financial control. The effective operation of controls to maintain accurate records is pivotal in ensuring the annual financial statements are produced accurately and promptly.

Robust controls exist for granting and removing access to the Council's main accounting system and quarterly system access reviews are undertaken by EnCor Financial Services to provide assurance that user access rights remain appropriate. Sample testing identified that key controls had operated as intended in the majority of cases tested.

An appropriate separation of duties exists for key tasks such as processing and approving journals, creating and amending new ledger codes and budget uploads. Sample testing in relation to journals identified that key controls had operated as intended in the majority of cases tested. It was noted that quarterly sample checking of journals, in line with the Council's procedures, could not be consistently demonstrated for this financial year. Sample testing in relation to the creation of ledger codes identified that key controls had operated as intended in all cases tested.

Sample testing of two monthly bank reconciliations identified that all calculations and balances detailed could be agreed to supporting documentation. Some areas for improvement have been identified with regards to the timeliness of this process and the evidencing of management checks; and the investigation and prompt clearance of unreconciled items and unrepresented cheques.

Robust controls exist and are consistently applied to provide assurance that the Council's suspense and holding accounts are regularly reviewed and cleared in accordance with agreed timescales.

Based on the fieldwork completed, the following assurance opinions have been given by Internal Audit:

Assurance Opinion		
Control Environment	Substantial	●
Compliance	Good	●
Organisational Impact	Minor	●

**Temporary workers**

The amount historically spent on temporary workers has not been material, but more recently the impending move to unitary authorities in Northamptonshire has contributed to more staff vacancies arising and greater difficulty in recruiting permanent replacements. This has contributed to increased expenditure during 2018/19 and into 19/20 on temporary

workers. The total spend on temporary workers was £411,124 in 2018/19 and is currently standing at £438,252 in 2019/20 (to October 2019), with the most material spend in the following service areas:




	<b>18/19</b>	<b>19/20</b>
• ICT	£212,302	£208,544
• Economic and Commercial Development	£70,505	£107,367
• Resources	£67,497	-
• Planning	£41,521	£100,991

There are currently no formal procedures in place to regulate the process for engaging temporary workers. As there is no central involvement in engaging such workers from the HR department, appointing managers are responsible for ensuring that recognised best practice is followed. The results of audit testing on a sample of 15 temporary workers (12 agency, 3 contractors) from IT (7), Planning & Development (6) and Resources/Economic and Commercial Development (2) highlighted mixed results, with some engagements supported by a reasonable level of evidence to demonstrate that expected controls had been applied, whilst such evidence was less available in other instances. In all cases, evidence to support the selection and engagement process was not readily available and required appointing managers to search through emails and files to provide documentation requested by the auditor. Common areas of risk highlighted by audit testing included:







- Lack of evidence to demonstrate that the decision to engage temporary workers is subject to formal, prior approval at an appropriate level within the organisation.
- Lack of evidence to demonstrate that workers held appropriate qualifications, had clearance to work in the UK and were supported by adequate references from previous roles.
- Gaps in evidence to demonstrate that relevant legislation, such as HMRC IR35 rules and Agency Worker Regulations had been complied with.
- Gaps in evidence to demonstrate that temporary workers had received a formal induction.
- Failure to comply with Contract Procedure Rules when appointing contractors to fill temporary roles.
- Lack of a formal tendering process to appoint and agree formal contracts with employment agencies.
















In conclusion, this audit has highlighted the requirement for the Council to compile and implement documented procedures that give guidance to appointing managers on the controls that need to be applied when engaging temporary workers.

Based on the fieldwork completed, the following assurance opinions have been given by Internal Audit:

<b>Assurance Opinion</b>		
<b>Control Environment</b>	<b>Limited</b>	
<b>Compliance</b>	<b>Satisfactory</b>	
<b>Organisational Impact</b>	<b>Moderate</b>	

**Table 1 - Progress against 2019/20 Internal Audit Plan**

<b>Assignment</b>	<b>Budget days</b>	<b>Actual days</b>	<b>Planned start</b>	<b>Status</b>	<b>Assurance sought</b>	<b>Control Environment</b>	<b>Compliance</b>	<b>Org impact</b>	<b>Comments</b>
<b>Governance &amp; Counter Fraud</b>									
Procurement compliance	8	0.5	Q4	Fieldwork underway					
<b>Key Corporate Policies &amp; Controls</b>									
Creditors	12	9	Q4	Fieldwork underway					
Debtors	12	0.5	Q4	Planning underway					
Payroll	14	5.8	Q4	Fieldwork underway					
Main accounting system	12	12	Q4	Final report issued	<i>To provide assurance over the maintenance of accurate and complete records on the main accounting system.</i>	Substantial 	Good 	Minor 	See section 2.5
Treasury management	12	14	Q4	Final report issued	<i>To provide assurance that: the treasury management function is conducted in line with statutory/regulatory requirements and best practice guidance; Council funds are appropriately managed and safeguarded; and transactions and records are complete and accurate.</i>	Substantial 	Good 	Minor 	Reported in November 2019
IT asset management	12	1	Q3	Fieldwork underway					

<i>Assignment</i>	<i>Budget days</i>	<i>Actual days</i>	<i>Planned start</i>	<i>Status</i>	<i>Assurance sought</i>	<i>Control Environment</i>	<i>Compliance</i>	<i>Org impact</i>	<i>Comments</i>
Temporary workers	12	12	Q2	Final report issued		Limited 	Satisfactory 	Moderate 	See section 2.5
Cyber Security (consultancy support)	10	8	Q3 / 4	Underway					
<b>Corporate Objective: Financial Stability</b>									
Asset management	15	15	Q2	Final report issued	<i>To provide assurance over the management of the Council's asset records; delivery of maintenance/management plans; and management of the property portfolio and tenant management.</i>	Limited 	Limited 	Major 	Reported in January 2020
<b>Corporate Objective: Customer Focused Services</b>									
Waste contract management	10	10.5	Q2	Final report issued	<i>To provide assurance over the effective management of the waste contract to ensure that performance and payment is in accordance with the contractual arrangements.</i>	Substantial 	Good 	Minor 	Reported in November 2019
Homelessness	12	12	Q1	Final report issued	<i>To provide assurance over the management of homelessness applications and compliance with the Council's duties under the Homelessness Reduction Act 2017.</i>	Substantial 	Substantial 	Minor 	Reported in September 2019
Community safety and ASB	12	11	Q1	Final report issued	<i>To provide assurance over the effective management of community safety and ASB - including monitoring, partnership</i>	Good 	Good 	Minor 	Reported in September 2019



<i>Assignment</i>	<i>Budget days</i>	<i>Actual days</i>	<i>Planned start</i>	<i>Status</i>	<i>Assurance sought</i>	<i>Control Environment</i>	<i>Compliance</i>	<i>Org impact</i>	<i>Comments</i>
					<i>working and initiatives.</i>				
Disabled Facilities Grants (DFGs)	2	2	Q2	<b>Memo issued</b>	<i>To provide assurance over compliance with grant terms and conditions.</i>	<b>n/a – grant claim</b>			
<b>Corporate Objective: Regeneration &amp; Economic Development</b>									
Enterprise Centre – embedded assurance	12	12	Q1 – Q4	<b>Final report issued</b>		<b>Good</b> ●	<b>Good</b> ●	<b>Minor</b> ●	Reported in November 2019
Enterprise Centre – consultancy support	7	7	Q3	<b>Complete</b>		<b>Not applicable - consultancy</b>			
<b>Contingency</b>									
Contingency days	6	-							
<b>Total</b>	<b>180</b>	<b>132.3</b>							

<b>Other Support</b>	<i>Budget days</i>	<i>Actual days</i>	<i>Comments</i>
Advice & Assistance	2	2	
Committee Work, Support & Annual Report	10	8.8	
Recommendation Follow-Up and Client Meetings	10	6.1	

<b>Other Support</b>	<b>Budget days</b>	<b>Actual days</b>	<b>Comments</b>
External Audit liaison	1	0.5	
Strategic Mgt & Audit Planning	5	5	
NFI & AGS	2	1	
Unavoidable interruptions e.g. ICT interruptions / fire alarms etc.	-	-	
Management of the Internal Audit service	20	12.3	
<b>Total</b>	<b>50</b>	<b>35.7</b>	

**The Auditor’s Opinion**

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
<b>Substantial</b> ●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended either no, or only minor, errors have been detected.
<b>Good</b> ●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
<b>Satisfactory</b> ●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
<b>Limited</b> ●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
<b>No</b> ●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

<b>Organisational Impact</b>	
<b>Level</b>	<b>Definition</b>
<b>Major</b> ●	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
<b>Moderate</b> ●	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
<b>Minor</b> ●	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

**Table 2: Customer Satisfaction**

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire to each client with whom there was a significant engagement during the assignment. The Head of Service and the Line Manager receive a CSQ for all assignments within their areas of responsibility. The standard CSQ asks for the client’s opinion of four key aspects of the assignment. The responses received in the year to date are set out below.

<b>Aspects of Audit Assignments</b>	<b>N/A</b>	<b>Outstanding</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Poor</b>
Design of Assignment	-	1	5	1	-
Communication during Assignments	-	3	4	-	-
Quality of Reporting	-	2	5	-	-
Quality of Recommendations	1	2	4	-	-
<b>Total</b>	<b>1</b>	<b>8</b>	<b>18</b>	<b>1</b>	<b>-</b>

**Table 3 - Implementation of Audit Recommendations**

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	1	4%	9	21%	-	-	10	14%
Actions due within last 3 months, but not implemented	12	43%	16	39%	2	67%	30	42%
Actions due over 3 months ago, but not implemented	15	53%	16	39%	1	33%	32	44%
<b>Totals</b>	<b>28</b>	<b>100%</b>	<b>41</b>	<b>100%</b>	<b>3</b>	<b>100%</b>	<b>72</b>	<b>100%</b>

**Table 4 – Actions overdue**

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
General Data Protection Regulation (GDPR) 2018/19	High	Information asset register - The Council should identify what personal data it holds, and determine how it is processed, and such information should be held within the information asset register.	The council have received further SAR (3 in total) which coupled with staff absence have delayed this work's completion however it is now on track for completion by 30/04/2020.	Data Protection Officer	31/03/2019	30/04/2020
General Data Protection Regulation (GDPR) 2018/19	Medium	Corporate data retention schedule – this should be produced and should be available to all staff. In addition, monitoring arrangements should be established to provide assurance that all Council records are held and disposed of in accordance with agreed policy and procedures, and the requirements of the GDPR.	The retention schedule is due for completion end of next week (27/03/2020) and is on track for this date.	Data Protection Officer	01/04/2019	27/03/2020
General Data Protection Regulation (GDPR) 2018/19	Medium	Comprehensive action log - should be in place to ensure that all actions requiring attention are monitored accordingly. The log should include a named responsible officer and a target date for the completion of each task.	All action plans have been issued to Heads of Service and Middle Managers. Plans in Environmental Services (excluding Waste Management), Resources & Organisational Development (excluding Democratic and Electoral Services) Economic Development, and Planning (excluding Planning Policy) are on track for completion in the agreed timescales and are progressing well. The DPO is meeting with Customer and Community	Data Protection Officer	31/03/2019	Completed – subject to IA review of evidence.

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
			Services Interim Head of Service and associated Middle Managers to progress the outstanding sections of their action plan.			
General Data Protection Regulation (GDPR) 2018/19	Medium	<p>Monitoring arrangements should exist and should be consistently applied to:</p> <ul style="list-style-type: none"> <li>• Ensure that all records in relation to subject access requests are retained on file centrally; and</li> <li>• Provide assurance that the Council are compliant with agreed policy and procedures, and the requirements of the GDPR.</li> </ul> <p>Monitoring arrangements should include data protection audits across the authority and issues of non-compliance should be reported in accordance with agreed policy and procedures.</p>	Monitoring Arrangements are in place. The council has appropriate and maintained logs of subjects' rights requests, data breaches and security incidents (the latter is maintained by ICT not the DPO). While these are held on file centrally they are restricted to the necessary staff only and not accessible by the wider council. The council ensure all projects/reviews of existing policy/ partnership working and associated works consider data protection by design and complete a DPIA where appropriate. Monitoring of Data Flow Mapping and compliance is monitored via annual audit (proposed as a dip sample audit for Jan – March 2021). The organisation's DPO and SIRO oversee the audit work. All relevant policies and procedures are in place.	Data Protection Officer	31/12/2019	Completed – subject to IA review of evidence.



Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
General Data Protection Regulation (GDPR) 2018/19	Low	<p>All relevant policies should be reviewed and updated accordingly and details of this should be communicated to all staff. Following this, a formal sign-off process should exist to provide assurance that all employees have read and understood the relevant published policies.</p> <p>In addition, the data protection policy should be made available to all staff and procedures in relation to data protection should include version control and document change history.</p>	<p>All relevant policies and procedures in Data Protection are up to date and communicated to all staff via:</p> <ul style="list-style-type: none"> <li>Middle Manager and HoS briefing emails</li> <li>The Hub (intranet)</li> <li>Updates to Middle Managers and CMT meetings as appropriate.</li> </ul> <p>All documents now contain version control and document history where appropriate (i.e. at policy level). Procedures and how to guides are superseded and previous versions saved centrally.</p> <p>A sign off procedure has been drafted to be included in the policies issued by ICT/HR to all new staff – this is awaiting the implementation of the revised Information Security Policy from ICT.</p>	Data Protection Officer	30/06/2019	Completed – subject to IA review of evidence.
General Data Protection Regulation (GDPR) 2018/19	Medium	The Council should review and update / produce all service area privacy notices in accordance with the requirements of the GDPR and ensure that they are accessible to all service users.	The service area privacy information is included as a dedicated set of pages on the council's overarching privacy policy. There are two areas of work	Data Protection Officer	30/06/2019	30/04/2020

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
			outstanding on this with our planning services and ICT services teams. While planning do not have a formal privacy notice, information about how data is used is already included in their internet opening pages. The ICT services privacy notices will mostly apply to staff and the telephone line for the service desk has the council's main privacy information as a pre-recorded message.			
Cyber Security 2018/19	High / Medium	There are currently 35 recommendations arising from this audit which are now due for implementation. These are being followed up as part of the ongoing work in this area and are being monitored.	N/A – monitored via separate reporting	ICT Manager	Various	-
Community Safety and ASB 2019/20	Medium	Ensure Community Safety Officers receive enforcement training to be fully equipped with knowledge in dealing with cases involving enforcement actions.	ENC are members of the Mallard Consultancy Collaboration, which includes a large number of UK-wide local authorities. The membership subscriptions, shared between community safety, environmental protection and planning development allows us access to legal advice and training courses delivered by one of the UK's	Community Partnerships Manager	30/09/2019	30/9/2020

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
			leading barristers in the field of ASB, enforcement actions, case preparation and court proceedings. Two such courses have been identified taking place over the summer of 2020 and community safety officers will take up the free places we're entitled to on those courses.			
Community Safety and ASB 2019/20	Medium	Targets for the local ASB Complaints performance indicators should be agreed.	In progress	Community Partnerships Manager	30/09/2019	31/03/2020
Community Safety and ASB 2019/20	Low	Once the North Northamptonshire CSP plan is developed it should be made available on the ENC website	This work is still progressing	Community Partnerships Manager	30/11/2019	31/03/2020
Business continuity 2018/19	High	An exercise in recovery of data from back-ups should be performed to provide assurance that the plan is deliverable and mitigating arrangements are fit for purpose.	This hasn't been possible due to the dependencies, priorities and resourcing issues. However, backups are fully functional now and stored in the cloud so there is no reason to assume they aren't restorable. Fundamentally, the network is not stable enough to risk doing this on any level of scale - and the resourcing is not in place to do it on the scale required. On a small	ICT Manager	31/10/2019	30/06/2020

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
			scale, thanks to some unplanned testing with some of the outages, we haven't had any data loss.			
Enterprise centre 2019/20	Medium	Continue to review and refine revenue (operating costs and income) forecasts and update the Medium Term Financial Strategy if necessary. Ensure that appropriate controls, performance targets and incentives are in place in respect of the management agreement to ensure that operating costs are effectively managed and value for money is assured.	Business case has been refreshed as part of contracting process (contract signed 10 March) and will be reviewed and presented as part of the planned quarterly monitoring reporting and refined as required as part of annual business planning.	Head of Economic and Commercial Development	30/11/2019	31/03/2020
Local Plan process 2019/20	Medium	All roles and responsibilities, such as the Project Manager, Project Sponsor, Developer Contributions Working Party etc. should be clearly defined to ensure that decision-making arrangements are appropriate and transparent, particularly in relation to managing the project budget and maintaining project documentation including the risk register.	Project Manager: Planning Policy Manager. Project Sponsor: Head of Service. Project Reference Group: Cllrs Brackenbury, Boto, Jenney. PPC: All relevant Cllrs. Project Team: Principal Planning Policy Officer x2, Planning Policy Officer x1 Planning Policy Technician x1 all FTE. Developer Contributions WP is irrelevant and incorrect - it is not part of the LP process/project.  <i>Internal Audit to review evidence.</i>	Head of Planning Services	30/11/2019	30/04/2020
Local Plan process 2019/20	Medium	A resource mapping exercise should be undertaken to identify whether any additional	Task updates provided through project plan.	Head of Planning	30/11/2019	30/04/2020

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
		resources will be required to ensure the production of the Plan through to adoption.	<i>Internal Audit to review evidence.</i>	Services		
Local Plan process 2019/20	Medium	A comprehensive risk register should be in place to provide assurance that key project risks are being managed effectively and efficiently.	Risk register in place. <i>Internal Audit to review evidence.</i>	Head of Planning Services	30/11/2019	30/04/2020
Local Plan process 2019/20	Medium	Key tasks should be allocated to a relevant officer and timescales should be clearly detailed to demonstrate the timeline for key stages and impacts of slippage on other tasks.	Excel project plan in place. <i>Internal Audit to review evidence.</i>	Head of Planning Services	30/11/2019	30/04/2020
Local Plan process 2019/20	Medium	Budgeting arrangements to be formalised.	Monthly meeting with accountant. Regular financial report and progress through reports to PPC. Financial requirements/ implications reviewed through HoS and Reference Group Meetings. Fortnightly progress meetings with Strategic Director. <i>Internal Audit to review evidence.</i>	Head of Planning Services	30/11/2019	30/04/2020
Local Plan process 2019/20	Medium	Quality standards should be set and effective quality assurance mechanisms should be in place to review and report quality.	Meeting to be arranged with Corporate Support team to discuss design of appropriate and measurable quality standards in addition to existing quarterly performance monitoring indicators.	Head of Planning Services	30/11/2019	30/04/2020

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
Treasury management 2019/20	Medium	A daily bank balance form should be completed to demonstrate how all treasury management transactions have been determined. The form should include sufficient information in relation to all investments and should be signed by the Treasury Management Accountant and the Financial Services Manager.	A daily bank balance form has been completed since October 2019. A new EnCor Group Accountant was appointed in March 2020. Ensuring the checking and countersigning of the daily bank balance form by the Financial Services Manager or an EnCor Group Accountant will be included in the responsibilities of this new role	Financial Services Manager	31/12/2019	30/04/2020
Treasury management 2019/20	Low	A full audit trail, such as system notes; reference to supporting source documentation; and scanned copies of supporting source documentation (where appropriate) should be retained on file for the reconciliation process.	As a result of staff changes these responsibilities and actions will be incorporated into the duties of the new EnCor Interim Assistant Accountant and will be overseen by the new EnCor Group Accountant	Financial Services Manager	31/12/2019	30/04/2020
Asset Management 2019/20	High	The outcome of the water hygiene risk assessment should be reviewed and finalised as a matter of priority and any issues arising must feed into an action plan, subject to ongoing review/prioritisation.	The Legionella risk assessment has been undertaken and remedial works costed and scheduled.  Training cost for onsite staff has also been received and is being reviewed. This training is required before any onsite regime can put in place by the site team and will be reviewed as part of	Facilities Manager	31/12/2019	31/07/2020

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
			proposed joint working Corby.			
Asset Management 2019/20	High	<p>Fire evacuation tests must be performed at least six monthly and records must be consistently retained to log evacuation times and to report on any lessons learnt.</p> <p>The fire safety folders at the reception areas must be fully reviewed and updated.</p>	FM is working with NNSRP to improve this filing system as paperwork gets lost from this file. These have been tidied up ready for updates as part of delivery of FRA.	Facilities Manager	31/12/2019	Completed – subject to IA review of evidence.
Asset Management 2019/20	High	<p>The Council should commission a competent person to conduct an assessment of its fire doors and to progress any actions arising from this.</p> <p>Such checks should be conducted six monthly and a certificate should be obtained for any repairs.</p>	Inspection undertaken on 18/19 December; awaiting report as basis to create a log book of doors and a maintenance schedule for compliance.	Facilities Manager	31/01/2020	Completed – subject to IA review of evidence.
Asset Management 2019/20	High	An electrical test and inspection on the boiler room control panels must be commissioned. The outcomes must be recorded and feed into a central register.	The current service contractor is not able to provide this so alternative contractors are being sourced by the FM– seeking to undertake as soon as possible	Facilities Manager	31/01/2020	30/04/2020
Asset Management 2019/20	High	Records in relation to boiler servicing and a non-domestic gas safety certificate must be found and saved within the central repository to comply with legal requirements	A Non-domestic gas safety certificate is not required as detailed in Gas Safe Regulations 1998 (confirmed by H&S Executive Safety in Gas Systems (5th edition)	Facilities Manager	31/01/2020	Completed – subject to IA review of evidence.

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
			<p>2018). <i>Note – this remains to be agreed with Internal Audit as contrary to independent advice received.</i></p> <p>All ENC boilers are serviced by a competent gas engineer to the required standard and again the service records could not be found at the time of the Audit because of the OTP office move (electronic copies now saved on system).</p>			
Asset Management 2019/20	High	An asbestos management plan should be produced to set out how areas of ACM are to be managed; how contractors and staff will be made aware of these; and whether there is a plan to remove the high risk materials at the Thrapston site.	We have carried out risk assessments and are developing an asbestos management plan taking into account this risk assessment. We have also removed asbestos from the Rushden Centre and rear of Station Road Rushden. <i>Internal Audit to review evidence.</i>	Facilities Manager	31/01/2020	Completed – subject to IA review of evidence.
Asset Management 2019/20	High	The Council should commission an independent, evidence based fire risk assessment.	An independent fire risk assessment has been undertaken (18/19	Facilities Manager	31/01/2020	Completed – subject to IA review of



Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
		<p>Actions arising from the fire risk assessment should be subject to monitoring and prioritisation.</p> <p>The 'Responsible Person' must be specified. Any delegations must be formalised and documented.</p>	<p>December). When the outcome of the assessment is received (expected in March 2020) the resulting actions will be programmed to be delivered and monitored as part of the joint working with Corby and the Responsible Person will be confirmed.</p>			evidence.
Asset Management 2019/20	High	<p>Tests on emergency lighting should be reinstated as a priority and records maintained of tests performed. Until such tests are in place, it is inadvisable for the properties to be accessed outside of daylight hours. The lighting must also be subject to servicing and records must be held of lighting in place.</p>	<p>Emergency lighting has been tested and failed – replacement plan produced to replace as part OTP which is underway – 2 phases out of 5 complete – rechargeable portable torches to be installed on Monday 16th as required by FRA</p>	Facilities Manager	31/01/2020	31/08/2020
Asset Management 2019/20	Medium	<p>The fire procedures should be updated to ensure they fully reflect current structures and practice. These should then be promoted and made</p>	<p>These are in development with view to get sign off by CMT by the end of March to</p>	Facilities Manager	31/01/2020	30/04/2020

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
		available to all users of the premises.	replace existing procedures.			



## ***Limitations and Responsibilities***

### ***Limitations inherent to the internal auditor's work***

LGSS Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Governance and Audit Committee subject to the limitations outlined below.

#### ***Opinion***

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention. As a consequence, the Governance and Audit Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

#### ***Internal Control***

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

#### ***Future Periods***

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

#### ***Responsibilities of management and internal auditors***

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.