



Governance & Audit Committee – 10th March 2021

Internal Audit – Progress and Performance

Purpose of report



To provide Members with information on the progress made by Internal Audit on the delivery of the Annual Internal Audit Plan for 2020/21 and associated measures of performance.

Attachment:

Appendix A: Progress Report for 2020/21 to week 47

1.0	Background
1.1	LGSS provide the Internal Audit service for East Northamptonshire Council and have been commissioned to provide 230 days to deliver the 2020/21 Annual Audit Plan and support to the organisation.
1.2	The Public Sector Internal Audit Standards require periodic reporting to the 'Audit Committee', including the performance of Internal Audit against the agreed plan and any key findings regarding the Council's risk management and control arrangements highlighted in the course of work completed.
2.0	Progress with the Annual Audit Plan
2.1	Appendix A provides information on the progress made on each of the audit assignments along with performance information for the Internal Audit service. In order to provide Members with the most current performance information the report analyses Internal Audit's performance to the end of week 47 (19 th February 2021).
2.2	Fieldwork is complete or underway on a number of audit assignments and a further six assignments have been finalised since the last committee meeting. Further details are shown in Appendix A to the report.
3.0	Important issues to consider
3.1	Details provided in Appendix A.
4.0	Equality and Diversity Implications
4.1	There are no equality and diversity implications arising from the report.
5.0	Legal Implications
5.1	There are no legal implications arising from the report.
6.0	Risk Management
6.1	There are no significant risks arising from the proposed recommendations in this report. The role of Internal Audit is to provide assurance over the Council's governance, risk and control environment and the progress report highlights any key findings relating to the management of identified risks and controls from recent audit reviews.

7.0	Resource and Financial Implications
7.1	There are no resource or financial implications arising from the report.
8.0	Constitutional Implications
8.1	The report does not require any amendment to the Council's Constitution.
9.0	Customer Service Implications
9.1	There are no customer service implications arising from the report.
10.0	Corporate Outcomes
10.1	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.
11.0	Recommendation
11.1	<p>The Committee is recommended to</p> <p>(1) Note the progress and performance of the Internal Audit service and the key findings from audits delivered during the period.</p> <p><i>(Reason – to review the performance of Internal Audit against the agreed plan and consider any key findings regarding the council's risk management and control arrangements in accordance with the Public Sector Internal Audit Standards)</i></p>

Legal	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.				
Background Papers: None					
Person Originating Report: Rachel Ashley-Caunt, Head of Internal Audit, ☎ 07824 537900 ✉ rashley-caunt@rutland.gov.uk					
Date: 25 th February 2021					
CFO 01/03/21		MO		CX 26.02.21	



EAST NORTHAMPTONSHIRE COUNCIL
INTERNAL AUDIT PROGRESS & PERFORMANCE UPDATE
MARCH 2021

Date: 10th March 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 2020/21 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 2020/21 be delivered?

LGSS has been set the objective of delivering at least 90% of the Internal Audit plan for 2020/21 to draft report stage by the end of March 2021.

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 the time of reporting, the team had been delivering 92% 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 20 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 assignments have been completed – one of which related to a grant certification. The key findings of the audit assignment are as follows:

Establishment control

Effective establishment controls form an important part of the Council’s financial and workforce management arrangements and support delivery of all of the Council’s key corporate objectives. The Human Resources (HR) function is responsible for developing and maintaining the establishment list and is delivered as part of a shared service hosted by Corby Borough Council. The purpose of this audit was to provide assurance over the consistent and timely update of the Council’s establishment records to reflect changes in structures and roles and support informed decision making.

Based on Internal Audit findings, the Council’s arrangements for ensuring services are operating within the approved establishment structures and budgets are generally sound. Key controls include robust approval forms and system change forms; an approval criteria that is consistent with the costs and nature of proposed establishment change; integrated HR and payroll management systems; committee oversight; and a regular performance and data management reporting schedule. Establishment data is held on a password protected database which is maintained by a sole responsible officer who is also responsible for updating organisational structure charts.

Audit testing found a good level of compliance with these controls, for example there was supporting evidence obtained for 90% of the sample that showed the requested change had followed the correct approval process and received approval from at least one of the required approvers. Likewise 100% of the sample that had a correlating Job Evaluation (JE) record to reconcile to had correct and matching pay grade information. However, arrangements could be strengthened further by documenting procedural notes, updates to HR policies that concern organisational change, improved record keeping, and regular review and scrutiny of establishment records by HR Business Partners. Most importantly, discrepancies between the payroll and establishment list should be investigated as a matter of priority and regular reconciliations undertaken in future.

A clear, robust and independent complaints procedure exists, and it is understood that no complaints had been received in relation to the Building Control service in 2020.

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

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

Absence management

Effective absence management underpins the delivery of all Council services and is therefore critical to the achievement of corporate and service objectives. High levels of attendance at work are crucial if the Council is to meet its commitment to the economic; effective; and efficient delivery of quality services.




A standard process for reporting and recording absence has been clearly defined and communicated in the Council's Staff Management Policy, which is available to all staff. Managers are responsible for reporting all sickness absence to Human Resources (HR), who then record the absence on the Itrent system. The Council recognises that the return to work interview process is an important part of effective absence management, and sample testing identified that following a period of sickness absence, a wellbeing meeting had been held by the relevant service area manager in all cases.

Absence escalation arrangements are also well documented and clearly defined roles and responsibilities are present. Sample testing of escalated absences noted that whilst the majority of cases had actions which were in line with the Council's policies and procedures, minor gaps were found with supporting documentation and referral for follow up actions.

Reporting and monitoring of absence management performance indicators and management data is maintained and targets have been exceeded in relation to sickness absence.

In order to test the accuracy and completeness of absence records, a sample of timesheets were tested to see if they could be reconciled with itrent records. Testing highlighted that in 20% of cases randomly selected, a sickness absence had occurred but had not been recorded on Itrent – resulting in under stated absence figures. Guidance for managers should emphasise the importance of prompt and accurate reporting of staff absence. It is noted that there has been no training in absence management for the majority of managers sampled.

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

Assurance Opinion		
Control Environment	Good	
Compliance	Satisfactory	
Organisational Impact	Minor	

GDPR compliance

The General Data Protection Regulation (GDPR) came into force on 25th May 2018 and together with the Data Protection Act (DPA) 2018 replaces former legislation on data protection. Whilst many of the GDPR's main concepts and principles are consistent with those detailed within the former DPA 1998, the GDPR includes new elements and significant enhancements, with greater emphasis on the documentation that data controllers must keep to demonstrate their accountability.

During the 2018/19 Internal Audit review of Information Governance and GDPR Compliance, six recommendations were agreed by management in order to address the control weaknesses identified by the audit; and to positively improve the control environment and aid the Council in effectively managing its risks.

The Council has identified what personal data it holds, and determined how it is processed, such information is held within the information asset register. A comparison of the Council's information asset register with a sample of those from other local authorities identified some minor gaps, and some examples of good practice, both of which have been shared with management.

Sample testing of action logs confirmed that controls had operated as intended in the majority of cases tested, some minor areas for improvement have been identified with regards to record-keeping arrangements. The data protection policy reflects current roles and responsibilities, the Council's key priorities and the requirements of the GDPR. It is noted that a formal sign-off process does not currently exist to provide assurance that all new or current employees have read and understood the Council's data protection policy, as such, management may wish to revise current procedures to enhance control going forward. The Council's information security policy requires updating, it is understood that this exercise will take place during the unitary council process.

The Council's corporate data retention schedule is sufficient in detail, and in line with the requirements of the GDPR, and whilst a record of disposal does not currently exist, individual service areas are responsible for disposing of personal records in line with the Council's corporate data retention schedule, the relevant guidance and the requirements of the GDPR. It is also recognised that the Council is currently working towards digitising all data, as such, automated retention policies should be applied accordingly moving forward.

Internal Audit review of service specific privacy notices confirmed that whilst the lawful basis for processing personal data, and special categories of personal data had not been detailed in all cases tested, the relevant privacy notices have been updated to include such information, at the time of reporting.

Sample testing of subject access requests confirmed that the Council had responded within the agreed timescale, in addition, robust record-keeping arrangements could be demonstrated in both cases tested.

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

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

Asset management - follow up

The Council has a range of responsibilities in relation to the ongoing maintenance and inspection of its corporate buildings, in order to ensure these comply with relevant legislation and standards and align with its duty of care to staff and users of the buildings. In addition, the Council must manage the risks arising from the management of its wider portfolio of properties and seek to maximise income to be generated from these to support front line services. There are many aspects of property management which are required if the assets are going to be maintained properly and the landlord/tenant relationship is to remain effective.

Internal Audit provided an opinion of Limited Assurance over the Council’s control environment in this area in 2019/20. Given the nature of the findings, this was considered to pose a ‘Major’ organisational risk. Since the last audit, a number of actions have been taken by officers to strengthen controls and this audit was intended to follow up on the implementation and effectiveness of these amended controls.

Record keeping is now in place in relation to the Council’s compliance with statutory inspection regimes across its property portfolio. A tracking record provides hyperlinks to the latest certificates and outcomes and the date of the next inspection due for all statutory and recommended servicing/inspection/assessments. Up to date fire risk assessments, asbestos management plans (and surveys), gas servicing, electrical installation condition reports and legionella risk assessments are now available. There is also evidence that these compliance contracts are now centrally logged and monitored. Officers have attended various training sessions in relevant risk areas and are now equipped to conduct PAT testing and water safety checks in house.

A record has now been collated detailing the leases on all commercial units. All units have been subject to some contact by officers, including site visits and internal/external stock condition surveys. A template lease incorporating key controls has been subject to ongoing iteration and agreement with both legal representatives and agents, and at the time of reporting, it is understood that a template has now been agreed. This has not yet been applied in practice and a high proportion of the units remain on expired leases, and without recent rent reviews. This is acknowledged as an area which remains in progress (and was a known gap before commencing the audit) and officers are currently prioritising this work. On the basis that this work is in hand and will be further progressed as part of the Future Northants programme, no formal recommendations have been made.

Based on the findings, the Auditor’s opinion is set out below, reflecting the substantially improved control environment in relation to statutory compliance. The **opinion does not reflect the status of commercial leases**, on the basis that this gap was already known and recognised before the audit commenced, and work is underway.

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

Contractor health and safety

Both East Northamptonshire Council (ENC) and their contractors have a duty to comply with the Health and Safety at Work Act 1974 to ensure, so far as is reasonably practicable, the health and safety of employees, other people at work on their site and members of the public. Internal Audit sought assurance over controls in place to ensure that organisations that ENC has a contract with, to provide services on its behalf, comply with health and safety legislation. The audit focussed on four contractors who provide services for grounds maintenance, waste management, leisure management and cleaning.

All four contractors reviewed by Internal Audit have been assigned Contract Managers and there are signed contracts in place outlining the roles of responsibilities of both parties regarding health and safety compliance. Since the last audit, there is evidence that further support and direction has been provided to contract managers in assessing health and safety of contractors. This includes updated

contract management guidance which provides details on expected controls, evidence and checks. This guidance requires, however, further promotion and training, to ensure all contract managers are aware of the guidance and confident in applying it.

A review of contractual documents and records and policies provided by the contractors confirm that key health and safety controls are in place such as risk assessments, COSHH assessment, health and safety training, fire safety controls and electrical equipment testing. The updated contract management guidance supports the need to review these records routinely throughout the duration of the contract.

Following the last audit, work commenced on a formal inspection/audit plan with the Safety and Resilience Partnership. There is evidence that the partnership have provided support in relation to such checks on the Leisure contract. It was intended that checks would also be applied to the waste/ground maintenance contract but this is yet to be implemented.

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




Assurance Opinion		
Control Environment	Good	
Compliance	Good	
Organisational Impact	Minor	

Table 1 - Progress against 2020/21 Internal Audit Plan

Assignment	Budget days	Actual days	Planned start	Status	Assurance sought	Control Environment	Compliance	Org impact	Comments
Governance & Counter Fraud									
Procurement compliance	8	3	Q4	Fieldwork underway					
Key Corporate Policies & Controls									
Creditors	12	2	Q4	Fieldwork underway					
Debtors	12	9	Q4	Fieldwork complete					
Payroll	14	-	Q4	Not started					
Main accounting system	12	1	Q4	Fieldwork underway					
Cyber security - follow up	12	5	Q3	Final report issued	<i>Follow up on implementation of audit recommendations arising from the 2018/19 audit.</i>	Satisfactory assurance			Reliance placed on audit conducted for Borough Council of Wellingborough
Absence management	10	10	Q2	Final report issued	<i>To provide assurance over consistent compliance with the Council's policies for managing employee absence and supporting staff back to work.</i>	Good assurance	Satisfactory assurance	Minor	See section 2.5
Establishment control	7	7	Q2	Final report issued	<i>To provide assurance over the consistent and timely update of the Council's establishment records to reflect changes in structures and roles and support informed decision making.</i>	Satisfactory assurance	Good assurance	Minor	See section 2.5

Assignment	Budget days	Actual days	Planned start	Status	Assurance sought	Control Environment	Compliance	Org impact	Comments
Local taxation	15	5	Q3	Fieldwork underway					
GDPR - follow up	7	7	Q2	Final report issued	<i>To provide assurance over the Council's arrangements for complying with the GDPR and Data Protection Act and ensuring consistent compliance with key controls.</i>	Good assurance	Good assurance	Minor	See section 2.5
Human Resources SLA (consultancy)	10	9	Q3	Draft report issued					
Corporate Objective: Financial Stability									
Asset management – follow up	12	12	Q2/3	Final report issued	<i>To provide assurance over the management of the Council's assets and delivery of maintenance/management plans. To follow up on implementation of actions arising from the 2019/20 audit.</i>	Good assurance	Good assurance	Minor	See section 2.5
Corporate Objective: Customer Focused Services									
Building control	12	12	Q1	Final report issued	<i>To provide assurance over the efficient and effective delivery of the service, supported by benchmarking against other authorities where appropriate.</i>	Good assurance	Good assurance	Minor	
Contractor Health & Safety	12	12	Q3	Final report issued	<i>To provide assurance over controls in place to ensure health and safety compliance by key contractors, delivering work on the Council's behalf.</i>	Good assurance	Good assurance	Minor	See section 2.5






<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>
Corporate Objective: Regeneration & Economic Development									
Enterprise Centre – embedded assurance	12	6	Q1 – Q4	Final report issued – June 20	<i>To provide assurance over the post delivery stage of the project.</i>	Substantial assurance	Substantial assurance	Minor	Reported in September 2020
Contingency									
Unitary council preparations	11	-	TBC	As required					
Disabled facilities grant	2	3	Q2	Complete	Verification sent to NCC	N/A			
Covid 19 – pro-active support and advice	-	6.5		As required					
Total	180	110							

Other Support	<i>Budget days</i>	<i>Actual days</i>	<i>Comments</i>
Advice & Assistance	2	1	
Committee Work, Support & Annual Report	10	7	
Recommendation Follow-Up and Client Meetings	10	7.2	
External Audit liaison	1	-	

Other Support	Budget days	Actual days	Comments
Strategic Mgt & Audit Planning	5	2	
NFI & AGS	2	1	
Unavoidable interruptions e.g. ICT interruptions / fire alarms etc.	-	-	
Management of the Internal Audit service	20	12	
Total	50	30.2	

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
Substantial 	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.
Good 	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.
Satisfactory 	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.
Limited 	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.
No 	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.




Organisational Impact		
Level		Definition
Major		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.
Moderate		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.
Minor		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.

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

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	2	20%	9	47%	4	67%	15	43%
Actions due within last 3 months, but not implemented	-	-	-	-	-	-	-	-
Actions due over 3 months ago, but not implemented	8	80%	10	53%	2	33%	20	57%
Totals	10	100%	19	100%	6	100%	35	100%

Table 4 – Actions overdue

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
Cyber Security 2018/19	High / Medium	There are currently 9 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 2020/21	Medium	Ensure Community Safety Officers receive enforcement training to be fully equipped with knowledge in dealing with cases involving enforcement actions.	Progress has been delayed due to team resources being deployed to Covid responses. This initiative has been fed into the Future Northants workstream for community safety, as a much wider resource base will exist for enforcement activity across North Northants.	Community Partnerships Manager	30/09/2019	TBC
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.	Agreed that these policies can be updated as part of the Unitary process. Disaster Recovery Plan to be written to North Northants requirements.	ICT Manager	31/10/2019	TBC
Community Safety and ASB 2020/21	Low	Once the North Northamptonshire CSP plan is developed it should be made available on the ENC website.	In Progress. A draft North Northamptonshire Community Safety Partnership plan 2021-22 has been developed and approved by the CSP Board. It is to be presented to the	Community Partnerships Manager	30/11/2019	30/04/2021

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
		Publication of the plan will assist in promoting public understanding of partnership working.	North Northants Shadow Executive in March 2021 for adoption on behalf of the new NNC as one of the responsible partners in the CSP from 1 April 2021.			
Local Plan process 2020/21	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	31/03/2021
Waste contract 2020/21	Medium	Review contract performance monitoring arrangements to ensure consistency of targets with corporate KPIs	New end date suggested - 31/12/2020 - annual review will be complete by then.	Waste Services Manager	31/01/2020	31/12/2020
Main Accounting System 2019/20	High	The bank reconciliation should be completed, independently reviewed and approved on a monthly basis. Following the review process, a standard, brief statement should be provided above the signature to clarify and confirm what the reviewer is confirming has been checked (i.e. accuracy, completeness and consistency with source documentation). In addition, unreconciled items and unrepresented cheques exceeding a six month period should be investigated and cleared promptly.	Finance have been undertaking a complete and thorough review of the reconciliation process. As 2019/20 accounting period is still open we have begun with April 2019. This review began w/c 28 September, currently on December with a unreconciled difference £8k. Finance expect to complete the review to March 2020 by the end of November at which point there will be a clear	Finance Services Manager	31/03/2020	Subject to audit testing in March 2021

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
			understanding of the 2019/20 position. The entire process is manual and so does take time. For 2020/21 the reconciliation of receipts and payments is up to date. The unrepresented cheques will follow on from the 2019/20 review. Finance expect to have the updated reconciliation sign off and review control in place by December 2020.			
Main Accounting System 2019/20	Medium	Sample checking of journals should be undertaken on a quarterly basis and the Group Accountant should receive an email to confirm that this process has been completed accordingly.	Due to some recent ICT system issues between Corby and ENC ICT systems this work is still ongoing has not yet been completed. It is still planned that electronic authorisation will be in place by 31 December 2020.	Finance Services Manager	31/03/2020	Subject to audit testing in March 2021
Treasury management 2019/20	Low	Reconciliation process	There has been a delay in implementing this recommendation as a result of the COVID-19 pandemic and remote working arrangements.	Finance Services Manager	31/07/2020	Subject to audit testing in March 2021
Debtors 2019/20	High	Resolve imbalances on reconciliations and ensure they are reviewed monthly in future.	There has been a delay in implementing this recommendation as a result of the COVID-19 pandemic and remote working arrangements.	Finance Services Manager	31/07/2020	Subject to audit testing in March 2021

Audit Title and Year	Priority	Issue / Outstanding Action	Latest update	Officer Responsible	Original Date	Revised Date(s)
Procurement 2019/20	Medium	<p>Officers need to ensure that any contracts over £25k that are entered into as a result of an approved exemption are included on the Council's Contracts register and the contract award notice published on Contracts Finder.</p> <p>Further information should be added to the procurement toolkit and/or CPRs to specify the requirement to publish contract award notices following an exemption.</p>	CPRs and Constitution will be aligned amongst the Councils due to form Northants North.	Head of Procurement	30/09/2020	30/04/2021

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.