

# Audit Committee

26<sup>th</sup> July 2022



**Report of:** Chief Internal Auditor

**Title:** Internal Audit Exceptions Report

**Ward:** Citywide

**Officer Presenting Report:** Chief Internal Auditor

## Recommendations

1. The Audit Committee notes the outcomes of the internal audit reviews on Special Educational Needs and Disability, Direct Payments and Risk Management and takes confidence from management representation on the actions being taken to improve the governance, control, and risk environment.
2. The Committee takes assurance from the progress being made by management in implementing the agreed management actions arising from Internal Audit reviews.

## Summary

This report provides the Committee with summary reports in respect of three areas for which internal audit work has recently been completed. The agreed exception reporting arrangements require the Committee to receive the management summaries for all internal audit reviews with a No Assurance or Limited Assurance Opinion to assist the Committee with its assessment of the risk and control environment.

Internal Audit monitors and reports the implementation of agreed management actions to the Audit Committee on a quarterly basis as part of the internal audit activity report.

## The significant issues in the report are:

- Internal Audit identified a number of areas requiring improvement and these are detailed in the following appendices:

Appendix 1 – Internal Audit Summary – Special Education Needs and Disability (SEND)

Appendix 2 – Internal Audit Summary – Adult Social Care Direct Payments

Appendix 3 – Risk Management

- Reasonable progress is being made in implementing agreed management actions.

## Policy

1. Audit Committee Terms of Reference

## Consultation

2. **Internal**

Corporate Leadership Board. Relevant Senior Management.

3. **External**

Not applicable

## Context

4. It is standard practice for the Audit Committee to receive summary reports in relation to all internal audit work concluding 'limited assurance' or 'no assurance'. As reported in the Annual Internal Audit Report 2021/22 in the last meeting, a number of reviews had limited assurance opinions in 2021.22 and the Committee is receiving the first set of management summaries relating to this. The remainder of the relevant management summaries including those relating to IT will be presented to the Committee in the September meeting.
5. The three management summaries covered by this report are:
  - SEND – Appendix 1
  - Adult Social Care Direct Payments – Appendix 2
  - Risk Management – Appendix 3
6. The relevant senior managers will attend the Committee meeting to update and respond to any queries the Committee may have in these three areas.
7. Internal Audit uses the Pentana Audit module to monitor and report on the implementation of agreed management actions. This approach enables management to proactively monitor their progress in implementing agreed managements. In following up agreed management actions management are responsible for implementing agreed actions whilst Internal Audit is responsible for regularly reviewing the entries by management and seeking additional evidence if required before closing the actions as completed.
8. The status of the agreed management actions due for implementation as of 30 June 2022 is shown in Table 1 below. The table shows that 96% of the agreed managements actions were either fully or partially implemented. This compares favourably against a target of 92.5%. The regular reporting of outstanding actions at both Executive Director Meetings and Corporate Leadership Board meetings should be maintained to sustain this good performance.

**Table 1**

<b>Action Status</b>	<b>High</b>	<b>Medium</b>	<b>Grand Total</b>
Implemented - Audit Assurance	11	23	34
Implemented - Management Assurance	22	86	108
Partially Implemented	41	96	137
Not yet implemented – overdue	8	8	16
<b>Grand Total</b>	<b>82</b>	<b>213</b>	<b>295</b>

**Proposal**

9. The Committee notes the outcomes of the internal audit reviews on Special Educational Needs and Disability, Direct Payments and Risk Management and takes confidence from management representation on the actions being taken to improve the governance, control, and risk environment.
10. The Committee takes assurance from the progress being made by management in implementing the agreed management actions arising from Internal Audit reviews.

**Other Options Considered**

11. Not applicable

**Risk Assessment**

12. The work of Internal Audit minimises the risk of failures in the Council’s internal control, risk management and governance arrangements, reduces fraud and other losses and increases the potential for prevention and detection of such issues.

**Summary of Equalities Impact of the Proposed Decision**

No Equality Impact anticipated from this report.

**Legal and Resource Implications**

**Legal**

Not Applicable

**Financial**

Not Applicable

**Land**

Not Applicable

**Personnel**

Not Applicable

**Appendices:**

Appendix 1 – Internal Audit Summary – Special Education Needs and Disability

Appendix 2 – Internal Audit Summary – Adult Social Care Direct Payments

Appendix 3 – Risk Management

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

Various Audit Files