

# Joint Audit and Governance Committee

Report of Internal Audit Manager

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To: Joint Audit and Governance Committee

DATE: 29 March 2022

## Internal audit activity report quarter four 2021/22

### Recommendations

- (a) That members note the content of the report

### Purpose of report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity at both councils for the committee to consider. The committee is asked to review the report and the main issues arising and seek assurance that action will be/has been taken where necessary.
2. The contact officer for this report is Victoria Dorman-Smith, Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), email [victoria.dorman-smith@southandvale.gov.uk](mailto:victoria.dorman-smith@southandvale.gov.uk).

### Strategic objectives

3. Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

4. Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the council's objectives. It assists the councils by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary. After each audit assignment, internal audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

5. Assurance ratings given by internal audit indicate the following:

**Full assurance:** There is a good system of internal control designed to meet the system objectives and the controls are being consistently applied.

**Substantial assurance:** There is a sound system of internal control designed to meet the system objectives and the controls are being applied.

**Satisfactory assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

**Limited assurance:** There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

**Nil assurance:** Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

6. Each recommendation is given one of the following risk ratings:

**High Risk:** Fundamental control weakness for senior management action

**Medium Risk:** Other control weakness for local management action

**Low Risk:** Recommended best practice to improve overall control

### **Completed audit reports**

7. As at 18 March 2022, since the last joint audit and governance committee meeting the following audits and follow up reviews have been completed:

**Completed Audits: 2**

Full Assurance: 2

Substantial Assurance: 0

Satisfactory Assurance: 2

Limited Assurance: 0

Nil Assurance: 0

Audit Area	Assurance Rating	Total Recs	Agenda Item 7					
			High Risk	No. Agreed	Medium Risk	No. Agreed	Low Risk	No. Agreed
<b>Joint</b>								
Joint General Ledger 21/22	Satisfactory	4	0	0	2	2	2	2
Joint Contract Management 21/22	Satisfactory	9	0	0	4	4	5	5
<b>SODC</b>								
None								
<b>VWHDC</b>								
None								

8. **Joint Covid-19 Grants 2021/22:** the audit of discretionary, business and councillor grants commenced in January 2022 and good progress has been made. The review focused on the areas of compliance to government guidance, fraud checks, appeals and complaints handling, accounting, and performance. The following grant schemes were included in the audit:

a) Discretionary Grants:

- i. Local Authority Discretionary Grant Fund (LADGF);
- ii. Additional Restrictions Grant Fund (ARG) Rounds 1&2, including top-up payments; and
- iii. Local Restrictions Support Grant (LRSG)

b) Mandatory Business Grants:

- i. Small Business Grant Fund (SBGF); and
- ii. Retail, Hospitality & Leisure Grant Fund (RHLGF)

c) Covid-19 Councillor Grants (£2k)

Work is being concluded in the areas of accounting and performance, and preliminary observations and recommendations will then be shared with auditees, service managers, and heads of service for their management responses. It is anticipated that the report will be finalised in April 2022.

### Follow Up Reviews

Audit Area	Initial Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	No longer applicable
<b>Joint</b>						
Joint Payroll 20/21	Limited	14	7	5	2	0
<b>SODC</b>						
None						
<b>VWHDC</b>						
None						

9. **Appendix 1** of this report sets out the key points and findings relating to completed audits which have received limited or nil assurance, and satisfactory or full assurance reports which members have asked to be presented to committee. **Agenda Item 7**
10. Members of the committee are asked to seek assurance from the internal audit reports and/or respective managers that the agreed actions have been or will be undertaken where necessary.
11. A copy of each report has been sent to the appropriate service manager, the section 151 officer and the relevant member portfolio holder. In addition, reports are now published on the councils' intranet and limited assurance reports are reviewed by the strategic management team.
12. Internal audit continues to carry out a six month follow up on all non-key financial audits to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

### **Climate and ecological impact implications**

13. There are no direct climate or ecological implications arising from this report.

### **Financial implications**

14. There are no financial implications attached to this report.

### **Legal implications**

15. None.

### **Risks**

16. Identification of risk is an integral part of all audits.

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INTERNAL AUDIT MANAGER