

READING BOROUGH COUNCIL

DIRECTOR OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	30 September 2021		
TITLE:	INTERNAL AUDIT QUARTERLY UPDATE REPORT		
LEAD COUNCILLOR:	COUNCILLOR RUTH MCEWAN	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	AUDIT & INVESTIGATIONS	WARDS:	N/A
LEAD OFFICER:	PAUL HARRINGTON	TEL:	9372695
JOB TITLE:	CHIEF AUDITOR	E-MAIL:	Paul.Harrington@reading.gov.uk

1. PURPOSE OF REPORT

- 1.1 This report summarises internal audit activity in respect of internal audit and investigations for the period 1 July to the 30 September 2021.
- 1.2 The following documents are appended:
- Appendix 1 - Internal Audit & Investigations Update Report
 - Appendix 2 - Facilities Management Corporate Repairs Internal Audit Report
 - Appendix 3 - Adult Social Care, Contract Management Internal Audit Report

2. RECOMMENDATIONS

- 2.1 The Audit & Governance Committee is requested to consider the report.

3. SUMMARY

- 3.1 The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found Internal Audit will propose solutions to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner.
- 3.2 A total of six audit reviews were completed in the period between July and September 2021.
- 3.3 Four audit reviews received a positive assurance opinion and two received a negative assurance opinion.

3.4 Substantial Assurance Opinion Reviews

- 3.4.1 There is generally a sound control environment in the administration of **Housing Benefits**, with several areas of good practice evident.
- 3.4.2 A post assurance review of **Business Grant** payments paid to mitigate the economic and social impact of the COVID-19 pandemic, concluded a strong framework that identified the key risks both internal and external was put in place for the claims process.

3.5 Reasonable Assurance Opinion Reviews

- 3.5.1 A review of **Budgetary Control for 2020/2021** recognised there were major challenges in monitoring financial performance against the budget, but despite this the budget was delivered with net favourable variance, made up of £4.468m of unspent Covid-19 grant funding, service net favourable variances of £1.652m, and £6.453m of corporate contingencies, which were ultimately not required. Recommendations were made to improve budget working papers and training for budget holders.
- 3.5.2 Although our overall assessment concluded that the Council's **governance arrangements** comply with the CIPFA/SOLACE framework¹ and associated principles, there are areas for improvement. We chose to record these improvements as next steps under themed areas, rather than individual recommendations. These themed areas are '*Local Code of Corporate Governance*', '*Financial Governance*', '*Assurance Mapping*' and '*Service Engagement*'.

3.6 Limited Assurance Opinion Reviews

- 3.6.1 Our audit of **Facilities Management corporate repairs** recognised that the service has a good understanding of the improvements required for ensuring both planned and responsive repairs are completed on timely basis. However, overseeing of the scheduling and monitoring of the status of repairs, especially for works completed by an external contractor, needs improving.
- 3.6.2 Although a limited assurance opinion was given, we are satisfied that there is an aspiration by Adult Social Care to review and re-evaluate **contract management procedures within Adult Social Care** in order to ensure that contracts are appropriately managed and monitored.

3.7 No Assurance Opinion Reviews

- 3.7.1 N/A

¹ CIPFA/SOLACE guidance *Delivering Good Governance in Local Government* ('the Framework'),

4. CONTRIBUTION TO STRATEGIC AIMS

- 4.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

5. COMMUNITY ENGAGEMENT AND INFORMATION

- 5.1 *N/A*

6. LEGAL IMPLICATIONS

- 6.1 Legislation dictates the objectives and purpose of the internal audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.
- 6.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 6.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

7. FINANCIAL IMPLICATIONS

- 7.1 *N/A*

8. BACKGROUND PAPERS

- 8.1 *N/A*