

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	28 March 2022
Subject:	Internal Audit Progress Report

Summary:

The purpose of this report is to:

- provide details of internal audit work completed up to 31st December 2021
- advise on progress on delivery of the internal audit plan
- raise any other matters that may be relevant to the Audit Committee role.

Delivery is slightly behind plan - it has taken longer than anticipated to secure and mobilise additional resources.

The plan has also been adjusted to reflect changes to risk profile / assurance needs.

Recommendation(s):

That the Audit Committee consider the :

1. Outcome of internal audit work and the assurances given - identifying any actions that need to be taken to improve the control environment.
2. Progress and delivery of the internal audit plan - identifying any necessary actions that need to be taken.

Background

This paper covers the period 1st August 2021 to 31st December 2021 and reports on progress made in our audit plans.

Our progress report is attached in appendix A and shows:

- Reports issued
- Assurance opinions and outcomes from consultancy reviews, including a summary
- Benchmarking information in performance indicators
- Other matters of interest

Assurances Given

We have issued **1 high assurance** and **8 substantial assurance opinions**, along with the completion of **2 consultancy reviews**. We have also co-ordinated the Combined Assurance Report for the Corporate Leadership Team and Audit Committee.

The Business World project remains an area of assurance concern around successful delivery and implementation.

Delivery and Resources

We have completed 47% of the plan up to the 31st December 2021.

Building capacity & resilience remains a key issue facing the service. Whilst we are pleased to report that we have recently recruited three additional Auditors we have also had three full time Auditor resignations in March 2022 and at the time of writing this report are expecting the resignation of a part time Principal Auditor. We also continue to have a full time Principal Auditor on maternity leave and one on secondment – both expected to return later in 2022.

Resources are low – and whilst we have secured additional temporary resources with external contractors and a further recruitment is planned – the impact on the teams’ availability to deliver cannot be underestimated. Given the mix of the remaining team there will be continuing mentoring, coaching and supervision demands.

Our workforce strategy of ‘growing our own’ auditors aims to build capacity and capability in the team in the long term. We are also working with the Finance Team to make the best use of graduate, work experience placements, continuing professional development. All aiming to attract and retain skilled workforce – showcasing our profession and that working in local government is a good career path and employer of choice.

Outstanding Recommendations

Follow up of outstanding recommendations shows that **74%** have been implemented – with 6% not yet due at this date.

Management responses established that the remaining 20% have been deferred for a number of reasons, including better aligning actions with ongoing service projects, changes in systems due to the shift to home-working arrangements and delays to the implementation of projects.

There are four audits with outstanding actions for which we originally reported a Limited or Low Assurance opinion:

- **Cyber Security**
There are 2 outstanding actions for this audit. These have progressed, however, will not be fully implemented until LCC have completed the full migration to O365. Monitoring within Azure is very in-depth but until O365 is fully embedded there will continue to be gaps.

- **ICT – Business Continuity & Disaster Recovery**
There are 2 outstanding actions for this audit. Progress is continuing but the project has been put on hold to focus resources around the critical Azure migration. Business Impact Analysis requires an overhaul due to the shift to remote working.

- ICT – Network Infrastructure

There are 4 outstanding actions for this audit. Progress has been made in all areas but actions are not yet fully implemented. The post covid network needs to be revised to reflect the changes made to allow home working and this will allow significant simplification of Access Networks both wired and Wireless.

- Implementation of Mosaic Finance

There is 1 outstanding action for this audit which is due to be completed in Feb/March 2022.

We will continue to track these actions going forward and they will be picked up as part of the IMT follow up audit scheduled for 22/23.

Appendix A – shows our Internal Audit Progress Report December 2021.

Conclusion

None of the assurance opinions issued within the period reported were limited or low.

The Business World project remains an area of assurance concern around successful delivery and implementation.

Delivery is slightly behind plan compared to previous years – it has taken longer to secure and mobilise additional resources than anticipated.

Building capacity & resilience remains a key issue facing the service – with action(s) being undertaken to address this issue. It is a national issue for the profession – it is hard to recruit and retain skilled and experienced auditors.

Consultation

a) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Progress Report

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.

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