



Internal Audit

FINAL

South Lakeland District Council

Internal Audit Annual Report

2019/20

September 2020

Internal Audit Annual Report

Introduction

This is the 2019/20 Annual Report by TIAA on the internal control environment at South Lakeland District Council. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control.

Limitations on our opinion arising from Covid-19

The delivery of the internal audit work for 2019/20 has been impacted by the global Covid-19 pandemic which has taken hold during this accounting period. As a result, we were not able to complete or partially complete the review of Non-Domestic Rates.

Notwithstanding this, we have still provided enough internal audit coverage in order to be able to provide an opinion based on the work carried out to date. Not completing the reviews highlighted above has not impacted on our overall assessment.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, South Lakeland District Council has reasonable and effective risk management, control and governance processes in place. Not having completed all of the planned work due to the global Covid-19 pandemic has not impacted on our overall assessment.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by South Lakeland District Council from its various sources of assurance.

The consequences of this unprecedented event have continued into the new financial year and will continue to pose significant risks to all organisations. The impact of ongoing events on South Lakeland District Council's control systems, financial sustainability or operational performance have not been assessed and our opinion takes no account of this. This report is designed to assist the Council in making its annual governance statement.

Internal Audit Planned Coverage and Output

The 2019/20 Annual Audit Plan approved by the Audit Committee was for 190 days of internal audit coverage in the year.

During the year there were no changes to the Audit Plan, however, the review of ERDF grant funding was not required due to the level of claims during the year.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A.

No extra work was carried out which was in addition that set out in the Annual Audit Plan.

Assurance

TIAA carried out 11 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve South Lakeland District Council's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	2	3
Reasonable Assurance	8	8
Limited Assurance	1	1
No Assurance	-	-

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2019/20. The numbers in brackets relate to 2018/19 recommendations

Urgent	Important	Routine
2 (0)	30 (22)	19 (19)

Audit Summary

Control weaknesses: There was one area reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed	0	7	12
Compliance	2	21	5
Operational	0	0	0
Reputational	0	2	2

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
3

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

Release of Report

The table below sets out the history of this Annual Report.

Date Report issued:	3 rd September 2020
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Annexes

Annex A

Actual against planned Internal Audit Work 2019/20

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Cash Receipting – Car Parking	Assurance	10	10	Substantial Assurance	Final Report Issued
Empty Homes	Assurance	10	10	Reasonable Assurance	Final Report Issued
Household Waste Collection	Assurance	20	20	Reasonable Assurance	Final Report Issued
Risk Management	Assurance	5	5	Advisory Review	Final Report Issued
Income Management	Assurance	10	10	Reasonable Assurance	No Report required
ICT Network Security and Cybercrime	Assurance	5	5	Reasonable Assurance	Final Report Issued
Contract Management	Assurance	20	20	Limited Assurance	Final Report Issued
Customer Connect	Assurance	10	10	Reasonable Assurance	Final Report Issued
Main Accounting System	Assurance	10	10	Reasonable Assurance	Final Report Issued
Leisure Services	Assurance	10	10	Reasonable Assurance	Final Report Issued
ERDF Grant	Assurance	10	0	N/A	Review deferred
Data Protection Compliance	Assurance	10	10	Reasonable Assurance	Final Report Issued
Emergency Planning	Assurance	10	10	Substantial Assurance	Final Report Issued
NNDR	Assurance	15	0	N/A	Review deferred
Follow-up	Follow up	15	15	N/A	Final Report Issued
Audit Management	Management	20	20	N/A	
	Total Days	190	165		