

**AUDIT COMMITTEE**  
**27 January 2021**

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**AUDIT SERVICES – ACTIVITY REPORT**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To provide Members with a progress report of activity and proposed activity for the next period.

**Summary**

2. The report outlines progress to date on audit assignment work, consultancy/contingency activity.

**Recommendation**

3. It is recommended that the activity and results be noted and that the planned work is agreed.

**Reasons**

4. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

**Andrew Barber**  
**Audit & Risk Manager**

**Background Papers**

- (i) Internal Audit Charter
- (ii) Departmental Audit Reports

Andrew Barber: Extension 156176

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| S17 Crime and Disorder           | Other than any special investigation work there is no crime and disorder impact.                             |
| Health and Well Being            | There is no specific health and well being impact.   |
| Carbon Impact                    | There is no specific carbon impact.  |
| Diversity                        | There is no specific diversity impact.   |
| Wards Affected                   | All wards are affected equally.  |
| Groups Affected                  | All groups are affected equally.   |
| Budget and Policy Framework      | This report does not affect the budget or policy framework.  |
| Key Decision                     | This is not a key decision.  |
| Urgent Decision                  | This is not an urgent decision.  |
| One Darlington: Perfectly Placed | There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements. |
| Efficiency                       | There is no specific efficiency impact.  |

## MAIN REPORT

### Information and Analysis

5. Members will be aware of a change in approach from traditional audit assignments to individual control testing and reporting. This requires a different approach in terms of reporting on activity and this will be developed further in the coming months. Additionally there is a move away from annual audit planning to quarterly planning to enable the service to respond more effectively to the changing risk environment.
6. The report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.
7. Appendix 1 provides members with detailed feedback on the performance of the service and the position in relation to completion of audit work. This is a new version of the report and each section will be discussed in more detail in the following paragraphs.
8. The first section of the report is to provide members with feedback on the management of the risks on the corporate risk register. Testing has not yet been undertaken for all risks but where testing has been undertaken an assurance level is provided, at present risk EG&NS 9 has been identified as an area where further improvement is required as reflected in the current assessment of that risk. The areas not yet tested are included in the normal programme of work based on the audit risk assessment which takes account of the overall risk assessment.

9. The next section breaks down audit results against a set of key governance processes. As with the previous section where no assurance level is given testing is yet to be undertaken. No area is scoring below 70% which is the benchmark for substantial assurance.
10. The next section breaks down audit work by functional service area within the council this is a different type of breakdown to the processes previously discussed and includes planning information as well as feedback on the work undertaken during the period. For each service area we provide the overall numbers which includes testing undertaken in prior periods. We then identify the results of testing in the current period followed by planned work in the next period which is developed using the audit risk assessment and the pre-defined frequency of testing.
11. The final section is progress against our balanced scorecard. The key measures in this section are adequate resources and portfolio coverage. In terms of adequate resources we aim to have 15 days capacity spare to deal with any issues that may arise, currently we have less spare capacity but we do have sufficient capacity to undertake all of the work. Portfolio coverage identifies the number of controls that should be tested in the period, we are currently behind schedule on this indicator due to the current working arrangements and the new process bedding in. The backlog of work is included in the planned work for the next quarter and as discussed in terms of adequate resources we have sufficient capacity to clear this backlog. All other indicators remain on track.

### **Outcome of Consultation**

12. There was no formal consultation undertaken in production of this report.