

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	13/01/2021
<b>Subject: Internal Audit Progress Report</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of: Head of Audit and Risk Management</b>	<b>For Information</b>
<b>Report author: Matt Lock</b>	

### Summary

This report provides an update on Internal Audit activity since the last Internal Audit Update Report presented to this Committee in October 2020. The report summarises work completed and progress against the 2020/21 Internal Audit Plan. Delivery of which has been indirectly impacted by the Coronavirus pandemic.

Finally, the report describes the findings of Audit follow-up work completed to verify the implementation of Audit recommendations.

### Recommendation(s)

Members are asked to:

- Note the report.

### Main Report

#### Background

1. This report provides a cumulative update on the work of Internal Audit since 1 April 2020, building on the progress report made to the last update provided to the Audit and Risk Management Committee on 1 October 2020. The report also summarises the findings of work completed since the July update.

#### Current Position

2. 9 Final Audit Reports have been issued since the October update, bringing the total to 28 since 1 April 2020. 3 Green Assurance ratings was given, 5 Amber Assurance ratings and one Red Assurance Rating. Those audit reviews are summarised in the table below:

Department/Audit	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Barbican Centre - Bars	Amber	0	5	1
Barbican Centre - Corporate Membership and Sponsorship	Amber	0	3	1
Chamberlain's IT - Legacy Technology	Red	1	1	1
City of London Police - Grant Funding	Green	0	0	0
City of London Police - Workforce Planning	Green	0	0	5
Community and Children's Services - Housing Tenancies	Amber	0	2	5
Community and Children's Services - Housing Safety	Amber	0	3	2
Corporate Wide - Asset Management	Amber	0	1	2
Guildhall School of Music and Drama - Internationalisation	Green	0	0	2

3. Appropriate management action plans are in place to address recommendations made, the Red recommendation raised relates to the following:

Chamberlain's IT – Legacy Technology (one Red Recommendation)

4. The primary focus of this review was to examine the adequacy of arrangements in place to manage risks associated with the continued operation of legacy technology (IT applications and hardware that are outside of mainstream support). Legacy technology creates a maintenance overhead, undermines network security and carries a greater degree of risk around breaks in operational continuity.
5. The Red recommendation raised in this review was in relation to the migration of the last remaining technology from the Agilisys IaaS (Infrastructure as a Service) servers to appropriate alternate cloud servers. This relates to the telephony system, where a wider solution is being developed as part of a telephony upgrade project, while the IT Director undertook to resolve this issue by February 2021, when the IaaS data centre is scheduled to close, there is a risk this timescale will not be met.
6. The remaining recommendations were in respect of the documentation maintained to record all legacy technology and the roadmap plan of action to remove this.

**Delivery of Planned Internal Audit Work**

7. As reported to this Committee previously, delivery of the 2020/21 Internal Audit Plan has been impacted by the COVID-19 outbreak. Work is now progressing at pace and the team is making good progress against the revised plan agreed at the November meeting.
8. In addition to the finalised audits referred to above, work is in progress for 26 planned audit reviews, 8 of which are substantially complete (including 4 at draft report stage). We continue to have a greater number of reviews simultaneously in

progress than we would ordinarily, mitigating the impact on overall productivity of delays in the completion of work.

9. I am fully confident that the team will complete sufficient work to be able to inform the Head of Audit Annual Opinion.

### **Internal Audit Follow-up Activity**

10. Since the October update, follow-up reviews have been undertaken in relation to 25 Internal Audit Reviews to assess progress in the implementation of Audit recommendations. The outcome of those reviews is summarised below:

- In 12 cases, all recommendations were found to be implemented, resulting in a Green revised assurance opinion
- In 13 cases the follow-up review found that not all recommendations had been implemented, subsequent follow-up reviews will be undertaken.

11. While in some instances it has been necessary to undertake 2<sup>nd</sup> or 3<sup>rd</sup> follow-up reviews, the design of the process has proven highly effective, with all outstanding issues being resolved without the need to make any escalations to this Committee.

12. The full summary of outcomes from follow-up activity and the forward plan of follow-up work is shown at Appendix 1.

### **Corporate & Strategic Implications**

13. The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

### **Conclusion**

14. After initial delays to the delivery of work against the 2020/21 Internal Audit Plan as a result of the COVID-19 pandemic, Internal Audit Work is now progressing at pace. The Head of Audit and Risk Management is confident that sufficient work will be completed this year to inform the Annual Opinion.

### **Appendices**

- Appendix 1 – Follow-up Programme of Activity

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