



Internal Audit Progress Report as at 31st August 2022

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1.0 INTRODUCTION

Internal Audit is a statutory function for all local authorities.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015 as to:

“Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.”

The standards for “proper practices” are laid down in the Public Sector Internal Audit Standards (PSIAS) (the standards – updated 2016).

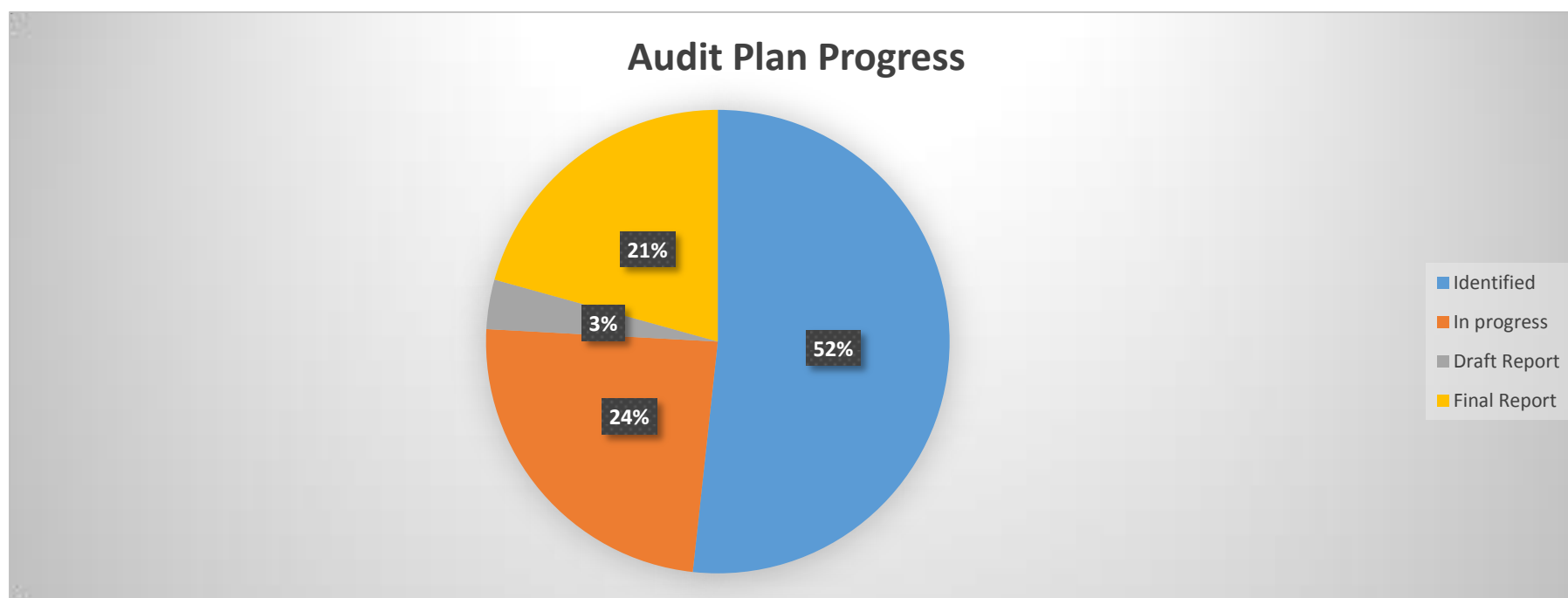
Internal Auditing is an independent, objective and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

This report includes the status against the 2022/23 internal audit plan.

2.0 AUDIT PLAN PROGRESS AS AT 31ST AUGUST 2022

There are 27 full audits and 2 follow up reviews totalling 29 reviews. These include the “core” financial audits which are compulsory and take place on an annual basis, cross cutting/corporate audits, and service specific reviews.

To date 6 (21%) have been completed to final report stage, 1 (3%) is at draft report stage and 7 (24%) are in progress as at 31st August 2022.



3.0 ONGOING ACTIVITIES

Internal Audit has provided advice and assurance in the following areas:

7 pieces of advice and assurance.

National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office.

Audit Committee reporting and attendance.

Audit Planning and consultation.

Risk Management and Annual Governance Statement.

Work is underway to develop Fraud Awareness and carry out a risk assessment of the Council's Anti-Fraud and Corruption processes and procedures.

Project Assurance role on 11 projects

4.0 CONTINGENCIES

1 special investigation has been undertaken to date.

3 pieces of work have been carried out under the provision for request from the S151 Officer. These have included the £150 energy payments scheme, use of Purchasing Cards and the procurement of VMWare Server replacement.

5.0 AUDIT PLAN CHANGES

The following changes have been made to the Audit Plan since issue of the last progress report.

Audits removed from the Audit Plan:

None to be removed at the current time.

Audits added to the Audit Plan.

3 audits were deferred from the 2021-22 Audit Plan. These included Asset Management (Capital Accounting), Garden Waste and Emergency Planning. 2 have been completed and 1 (Asset Management) is in progress.

2 audits (Grants and Portway Business Park) are held in reserve and will either be included in the 2022-23 if there is capacity to do so or will be considered for inclusion in the 2023-24 Audit Plan.

6.0 ASSURANCE LEVEL/OPINION

Internal Audit Reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level/Opinion:	Description:
Full	There is a sound system of control designed to achieve the system objectives.
Substantial	While basically there is a sound system there are weaknesses which put some of the control objectives at risk.
Limited	Weaknesses in the system of controls are such as to put the system objectives at risk.
No	Control is generally weak leaving the system open to significant error or abuse.

The **opinion** is formed with reference to the Councils Corporate risk matrix. Each control weakness identified during an audit review is scored according to this matrix. Where * shown this opinion is qualified when selected.

Likelihood

A Very High	Substantial or Limited*	Limited	No Assurance	No Assurance
B High	Substantial	Limited*	Limited Or No Assurance*	No Assurance
C Significant	Substantial	Substantial or Limited*	Limited	Limited Or No Assurance*
D Low	Substantial or Full*	Substantial	Substantial or Limited*	Limited
E Very Low	Full	Substantial or Full*	Substantial*	Limited

F Almost impossible	Full	Full	Substantial	Substantial or Limited*
	IV Negligible	III Significant	II Critical	I Catastrophic
	<u>Impact</u>			

7.0 CONTROL WEAKNESS – RISK RANKING

Priority Level:	Description:
High	Major issues for the attention of Senior Management. Action needs to be taken within a reasonable timescale to address significant control weaknesses and to ensure that the controls can be relied upon for the effective performance of the Service or function.
Medium	Issues for middle management action. These include control weaknesses that may expose the system function or process to a key risk but the likelihood of it occurring is significant rather than high.
Low	Minor matters. Low risk exceptions or improvements which help to improve service effectiveness and efficiency.

8.0 EXECUTIVE SUMMARIES

1.

Control Weaknesses Identified:		
High	Medium	Low
0	1	0

PROCUREMENT > £100K 2022/23

Overall Assurance Opinion:
Limited Assurance
Agreed action is scheduled to be implemented by 31/10/22 and is to be discussed as part of a review of Contract Standing Orders.

Scope:	Control Weakness:
<ul style="list-style-type: none"> Compliance with Contract Standing Orders and Public Procurement Regulations. Follow up the actions arising from the 2021-22 audit of the Procurement Amendment Regulations. 	3 out of 4 awarded contracts sampled were call off contracts from framework arrangements and didn't have a signed contract agreement. Contract Standing Orders do not currently provide instruction as to what documentation should be retained for framework arrangements and where this should be held.

2.

Control Weaknesses Identified:		
High	Medium	Low
0	0	0

COVID SUPPORT GRANTS (TEST & TRACE)
2022/23

Overall Assurance Opinion:
Substantial Assurance
No action required.

Scope:	Control Weakness:
<ul style="list-style-type: none"> • Approval of eligibility criteria. • Payments were within the correct timescales to the correct people. • A system was in place for claimants using other languages or those with disabilities. • A system was in place for the application to be electronic. • Pre-payment checks were performed. • TVBC were reimbursed for claims paid. 	

3.

Control Weaknesses Identified:		
High	Medium	Low
1	3	1

FLOATS & IMPRESTS 2022/23

Overall Assurance Opinion:
Limited Assurance
Agreed actions were scheduled to be implemented by 31/08/22 with the majority now addressed. Confirmation of 2 floats to external bodies is pending.

Scope:	Control Weakness:
<ul style="list-style-type: none"> • All Imprests and Floats are accounted for • Imprests and Floats are held securely • Reconciliations are carried out and evidence retained • Guidance is in place to ensure the proper use of Imprests of Floats 	<ul style="list-style-type: none"> • Petty cash records had not been kept up to date at the time of the audit with details of the current holder and float values. • Not all floats were accessible for verification at the time of the audit • Regular reconciliations of the floats were not occurring. • There had been no recent review of the float levels held to determine whether these remained at an appropriate level.

4.

Control Weaknesses Identified:		
High	Medium	Low
0	1	1

**EMERGENCY PLANNING
2022/23**

Overall Assurance Opinion:
Substantial Assurance
Agreed action is scheduled to be implemented by 30/09/22

Scope:	Control Weakness:
<ul style="list-style-type: none"> • Risk Assessments are regularly reviewed. • Emergency Response plans are in place with defined roles and responsibilities. • The Council's participation in the Local Resilience Forum. • Self-assessments and emergency planning exercises are undertaken. • Appropriate delegation and rules are in place to enable decision making. • Provision for rest centres across the borough. • Information security and sharing is appropriate and in line with GDPR guidance. • An Emergency Communications plan is in place. • Coordination with an Out of Hours Service. 	<ul style="list-style-type: none"> • There is currently no joined up approach with the Council's risk management process and registers to acknowledge the impact of management decisions on emergency planning and emergency responses. • The Emergency Communications checklist and templates would benefit from update and review and being centrally located with the Emergency Planning Response Plan.

5.

Control Weaknesses Identified:		
High	Medium	Low
0	0	1

**GARDEN WASTE
2022/23**

Overall Assurance Opinion:

Substantial Assurance

Agreed action was scheduled to be implemented by 30/06/22 and has now been addressed.

Scope:	Control Weakness:
<ul style="list-style-type: none"> • Approval of fees and charges • Comparison of fees charged with other Local Authorities fees • Payment of the annual subscription • Updating the route planner for new and cancelled subscriptions • The use of the route planner by operatives collecting garden waste • Measures to prevent the unauthorised collection of income and removal of garden waste for which a subscription has not been paid • Performance Management 	<p>Testing found that for 6 of 74 households analysed, there was an error rate of 8.11% on the route plan. Errors identified were for households who had passed their renewal date without being identified and households who had renewed their subscription, but the route plan did not reflect this.</p>

6.

**FOLLOW UPS
2022/23**

Scope:	Agreement and monitoring of actions:
Review of all actions arising from audit reviews which were due for implementation on or before 31/03/22. The results are summarised in the table below. A review is currently underway to review all actions due on or before 31/08/22 therefore this information does not reflect an up to date position.	<ul style="list-style-type: none">• All actions arising from audit reports are agreed with the management responsible for the area/function. These actions are monitored by each Service's Performance Board and recorded on the performance management system

Audit Actions:	Risk:	Total:	Complete:	In Progress/Pending:
2018-19	High	0	0 (0%)	0 (0%)
	Medium	27	24 (89%)	3 (11%)
	Low	43	42 (98%)	1 (2%)
2019-20	High	0	0 (0%)	0 (0%)
	Medium	11	8 (73%)	3 (27%)
	Low	27	26 (96%)	1 (4%)
2020-21	High	0	0 (0%)	0 (0%)
	Medium	28	19 (68%)	9 (32%)
	Low	20	16 (80%)	4 (20%)
2021-22	High	0	0 (0%)	0 (0%)
	Medium	23	6 (26%)	17 (74%)
	Low	6	1 (16%)	5 (83%)
Grand Total		185	142 (77%)	43 (23%)

Those actions ranked as “Medium” risk include control weaknesses that may expose the system function or process to a key risk but the likelihood of it occurring is significant rather than high. Those ranked as “Low” include low risk exceptions or improvements which help to improve service effectiveness and efficiency. The remaining “Medium” risk actions are summarised below:

9.0 CONTROL WEAKNESSES

Of the 5 2022/23 audits completed, where an opinion has been given 9 exceptions have been raised:

Risk:	No. of exceptions (actions):
High	1
Medium	5
Low	3