



Internal Audit Progress Report as at 30th November 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).

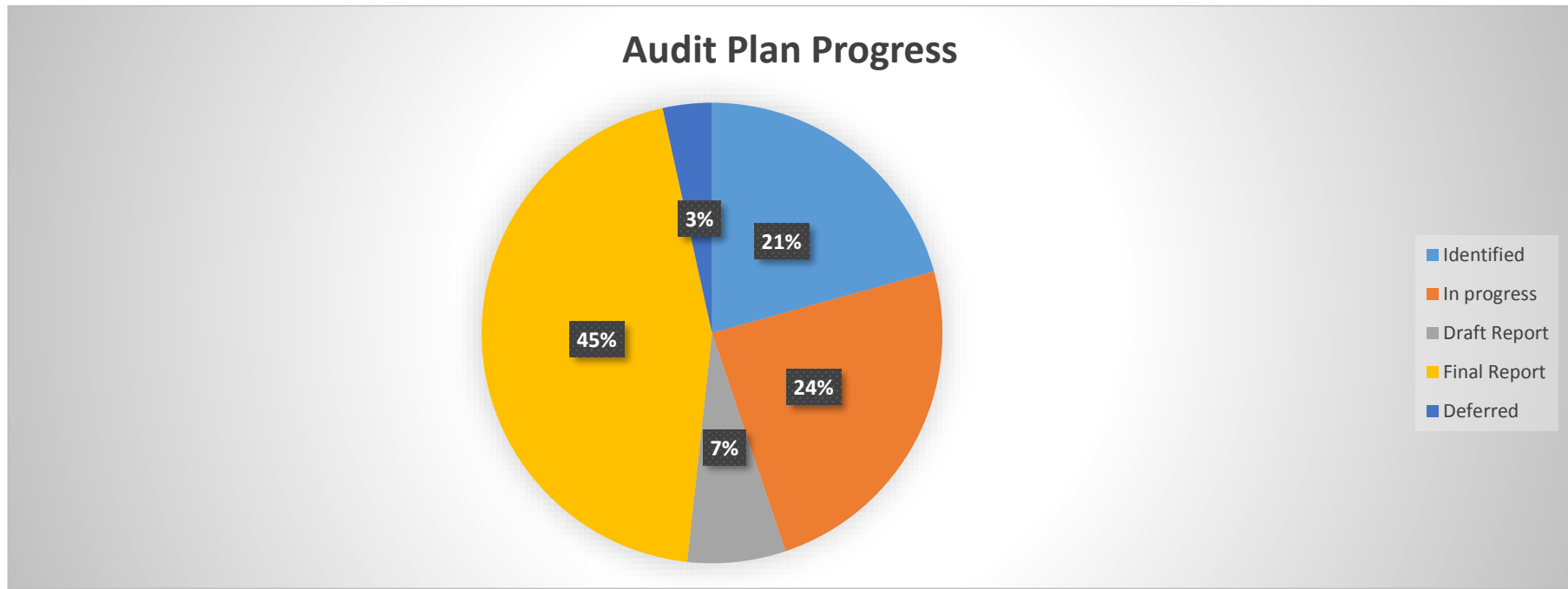
Internal Auditing is an independent, objective and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control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

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

2.0 AUDIT PLAN PROGRESS AS AT 30th NOVEMBER 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. Also included are 3 audits deferred from 2021-22.

To date 13 (45%) have been completed to final report stage, 2 (7%) are at draft report stage and 7 (24%) are in progress as at 30th November 2022. 6 audits (21%) are yet to be started and 1 (3%) is proposed for deferral to the 2023-24 Audit Plan.



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 and promote 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

2 special investigations have been undertaken to date.

3 pieces of work have been carried out under the provision for requests from the S151 Officer. These have included the £150 energy payments scheme, use of Purchasing Cards and the procurement of VMWare Server replacement. Reports were produced for 2 and these are summarised in section 8.0 below.

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:

It is proposed to defer the audit of Mobile Devices from the 22-23 Audit Plan to Quarter 1 of the 23-24 plan. This is due to progress on the roll- out of mobile devices having been delayed.

Audits added to the Audit Plan.

3 audits were deferred from the 2021-22 Audit Plan as previously reported to the Audit Committee. 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	0	0

REVENUES SYSTEMS 2022/23

Overall Assurance Opinion:
Substantial Assurance
Full assurance was not given as there is an action from a previous audit not yet fully implemented. This relates to a system bug which has been fixed but is awaiting testing before live implementation.

Scope:	Control Weakness:	Control Improvement upon implementation:
<ul style="list-style-type: none"> Contingency planning and restoring of data. Audit trails within the system. System and parameter updates and testing. System access controls. Register of interests. Information security. Payment runs. Registering of Housing Benefit and Council Tax Support claims. DWP EAS systems access and security. 	No control weaknesses were identified.	Not applicable.

2.

Control Weaknesses Identified:		
High	Medium	Low
0	3	0

CREDITORS 2022/23

Overall Assurance Opinion:
Substantial Assurance
Agreed actions are scheduled to be implemented by 31/12/22

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> • Efin system access (super users and Finance staff) • Segregation of duties • Duplicate payments monitoring • BACS, cheque runs and manual cheque issues • Security checks on bank account number changes • Out of date cheques • Performance - time to process invoices. 	<ul style="list-style-type: none"> • Although authorised by the appropriate Head of Service the authorised signatory forms were not in all cases countersigned by the Head of Finance & Revenues/S151 Officer. • Duplicate payment checks are undertaken but not on a regular and routine basis. 	<ul style="list-style-type: none"> • All authorisation levels are endorsed by the Head of Finance & Revenues/S151 Officer to ensure access to financial information and the processing of financial transactions is appropriate to the officer's role. • Any duplicate payments are promptly recovered from the supplier.

3.

Control Weaknesses Identified:		
High	Medium	Low
0	2	3

VEHICLE WORKSHOP 2022/23

Overall Assurance Opinion:
Substantial Assurance – overall.
Limited Assurance - in respect of the control weaknesses identified around stock control and private work.
Agreed action is scheduled to be implemented by 31/01/23

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> • Stock management and security • Operator's license and access to VOL • Safety inspections and defects reporting/rectification • Vehicle maintenance • Fleet management system • MOT inspections 	<ul style="list-style-type: none"> • No evidence of escalation to either the Accountancy Manager or Head of Finance & Revenues to authorise apportionment of the costs for unidentified stock items. • No written re-torque policy in place and the log does not include any reference to when a tyre was changed or re-torqued. • In respect of private work undertaken the hourly rate charged had not been recently reviewed. 	<ul style="list-style-type: none"> • Stock losses are properly accounted for. • All instances of wheel removal are documented. • The Council is covering its costs and not supplementing private work. • The Council's insurance policy covers the risk and lone working risks are managed.

	<ul style="list-style-type: none"> In respect of private work undertaken there is no evidence that the mechanic's nominated person has attended the depot on weekends when other staff are not present in the workshop. 	
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4.

Control Weaknesses Identified:		
High	Medium	Low
0	1	0

**MEMBERS ALLOWANCES
2022/23**

Overall Assurance Opinion:
Substantial Assurance
Agreed action is scheduled to be implemented by 31/12/22.

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> Members Allowance Scheme Basic and Special Responsibility Allowances Travel and Subsistence Claims Child Care and Dependent Carers Scheme Annual Publication Mayor and Deputy Mayor Allowances 	<ul style="list-style-type: none"> VAT receipts for expenses are not provided or retained. 	<ul style="list-style-type: none"> VAT is recoverable. If not provided VAT is not recoverable and could be picked up in an HMRC inspection.

5.

Control Weaknesses Identified:		
High	Medium	Low
0	1	0

**CAR PARKING
2022/23**

Overall Assurance Opinion:
Substantial Assurance
Agreed action has been implemented.

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> • CCTV coverage of car parking machines • Insurance cover for cash in the car park machines • Access to car park machine cash vaults and security of keys • Cash Collection contract and procedures • Income collection, banking and reconciliation from mobile phones • Income collection, banking and reconciliation from contactless cards • The recording, monitoring and reporting of surplus and losses • Emergency Cash Collection procedures 	<ul style="list-style-type: none"> • The car parking machine vault key log signing in/out process had not been followed. 	<ul style="list-style-type: none"> • Access to cash in the car parking machines is appropriately controlled minimising risk of theft and loss of income.

6.

Control Weaknesses Identified:		
High	Medium	Low
0	7	0

**THE LIGHTS
2022/23**

Overall Assurance Opinion:
Substantial Assurance - in respect of the governance, banking and income processes.
Limited Assurance - in respect of the security around access to the tills and the counting in of cash deliveries.
Agreed action was scheduled to be implemented by 31/10/22.

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> • Governance arrangements. • Income and banking processes, roles, and responsibilities. • Venue resilience and contingency planning. 	<ul style="list-style-type: none"> • At the time of the audit security of till access codes was not fully maintained which resulted in a theft from the bar/café till (which was later repaid). • Some volunteers have access to handling cash and financial transactions. • Due to operational practicalities, during the day when the box office and café shifts finish cash ups are not always undertaken with a second officer present. 	<ul style="list-style-type: none"> • Prevention of theft. • Compliance with the Corporate Volunteer policy. • In the event of an undeclared cash discrepancies and cash losses accountability can be determined. • Improved security of stocks • Compliance with GDPR requirements and viewing of CCTV appropriately restricted. • Cash losses do not occur on receipt of cash deliveries.

	<ul style="list-style-type: none">• 10 officers currently have access to the 2 safes which contain both the takings and the cash floats.• At the time of the audit the door into the Atrium was unlocked potentially allowing unobserved public access to stocks. Keys were not kept on the person but in personal bags in the office behind the bar allowing access if unattended.• Access to review CCTV footage was carried out within the back office and the security of viewing was not appropriately restricted in accordance with GDPR requirements. Discussions were however underway with the Data Protection Solicitor to improve security.• A shortage of £60 in the spare float was reported which related to a cash delivery. Due to a delay in counting the floats and no formal training having been given to the officer counting in the cash accountability for the loss could not be determined.	
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7.

Control Weaknesses Identified:		
High	Medium	Low
0	0	0

**£150 ENERGY REBATE
PAYMENTS
2022/23**

Overall Assurance Opinion:
Substantial Assurance
There were no actions for this audit.

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> • There is a formally approved Energy Bills Rebate Policy. • The £150 rebate has only been paid to the Council Tax-payer of band A-D properties. • There is a formally approved policy for the Discretionary Fund. • Processes are in place to investigate possible inaccurate information. • Payment has been made as soon as possible after the first direct debit payment for 2022/23. • A remittance advice has been issued to all recipients of the energy rebate payment. • Measures are in place to manage the risk of fraud. 	<ul style="list-style-type: none"> • None were identified during the audit. 	<ul style="list-style-type: none"> • Not applicable.

8.

Control Weaknesses Identified:		
High	Medium	Low
0	3	2

PURCHASING CARDS 2022/23

Overall Assurance Opinion:

Limited Assurance

Agreed action is scheduled to be implemented by 31/12/22.

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> All purchasing cards are recorded and accounted for. Procedures are in place for the administration of purchasing cards. Analysis of purchasing card spend in issue. Procedure in place to ensure the correct use of purchasing cards. Spend is monitored and appropriately approved. Reconciliations are carried out and evidence retained. 	<ul style="list-style-type: none"> No periodic reviews of the cards to identify when they were last used and if they are still needed. No documented approval from the Head of Finance & Revenues for the issuing and authorisation of purchasing cards as stated in the Financial Procedure Rules. No segregation of duties between the officer ordering a card from the bank and activating and de-activating it, reconciling the card statement, posting to efin and receiving cards back when a cardholder leaves. 	<ul style="list-style-type: none"> Minimisation of the risk of the purchasing card being used after the card holder has left TVBC and before 6 months of inactivity, when the card is blocked by the bank. The Head of Finance & Revenues is aware of the number of purchasing cards in circulation and has approved the business case for their use. Cards are not mis-used and users are aware of what constitutes misuse. All purchases are confirmed to be for business use.

	<ul style="list-style-type: none">• Limited information issued to card holders regarding what constitutes misuse and the consequences of misuse.• Monthly statements and receipts are not received or reviewed/authorised by the cardholder's line managers to confirm spend is legitimate before being posted.	
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9.

**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 31/10/22. The results are summarised in the table below.	<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 Head of Service and recorded on the performance management system

The following table shows only medium and low risks. There were no high risk actions identified in these years.

ANNEX

Audit Actions:	Risk:	Total:	Complete:	In Progress/Pending:
2018-19	Medium	27	25 (93%)	2 (7%)
	Low	43	42 (98%)	1 (2%)
2019-20	Medium	11	9 (82%)	2 (18%)
	Low	27	26 (96%)	1 (4%)
2020-21	Medium	28	21 (75%)	7 (25%)
	Low	20	19 (95%)	1 (5%)
2021-22	Medium	39	16 (41%)	23 (59%)
	Low	9	4 (44%)	5 (56%)
2022-23	Medium	16	8 (50%)	8 (50%)
	Low	6	6 (100%)	0 (0%)
Total		226	176 (78%)	50 (22%)

Year:	Number of Actions in Progress/Pending:	Audit Title:	Action description:
2018-19			
Medium	2	S106/CIL	These relate to the inclusion of updated guidance on evidence of spend and reconciliation processes.
Low	1	GDPR	This relates to the incorporation of a roles and responsibilities document into a wider Freedom of Information review.
2019-20			
Medium	2	GDPR (1 action) IT Asset Management & Security (1 action)	This refers to the review of identified contracts where personal data is processed. The majority have been addressed but a small amount of work remains outstanding to close this action. This refers to agreement and implementation of a hard drive disposal methodology.
Low	1	IT Asset Management & Security	This relates to the establishment of routine stock checks of IT Assets in stock, assigned to officers or deployed in Services.
2020-21			
Medium	7	Climate Emergency (Energy Management) (4 actions)	These relate to: <ul style="list-style-type: none"> • The completion of an energy agreement and its retention in accordance with Contract Standing Orders. • Consideration of the impact on the Council's energy usage and the additional energy usage of staff working remotely. • Assessment of the energy practices of the Council's local data centres.

		IT Business Continuity Planning (3 actions)	<ul style="list-style-type: none"> The consideration of green credentials as part of the procurement process. <p>These refer to:</p> <ul style="list-style-type: none"> Redefining what the IT BCP looks like, in consultation with the corporate BCP project board. The identification of critical systems and their priorities within Service BCPs to determine the relative priorities for recovery. Subsequent testing of the BCP.
Low	1	Treasury Management (1 action)	This refers to the amendment of the bank mandate pending appointment of new Deputy Chief Executive.

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.

9.0 CONTROL WEAKNESSES

Of the 8 2022/23 audits completed, where an opinion has been given 22 exceptions have been raised:

Risk:	No. of exceptions (actions):
High	0
Medium	16
Low	6