



Internal Audit Progress Report at 31 August 2024

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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).

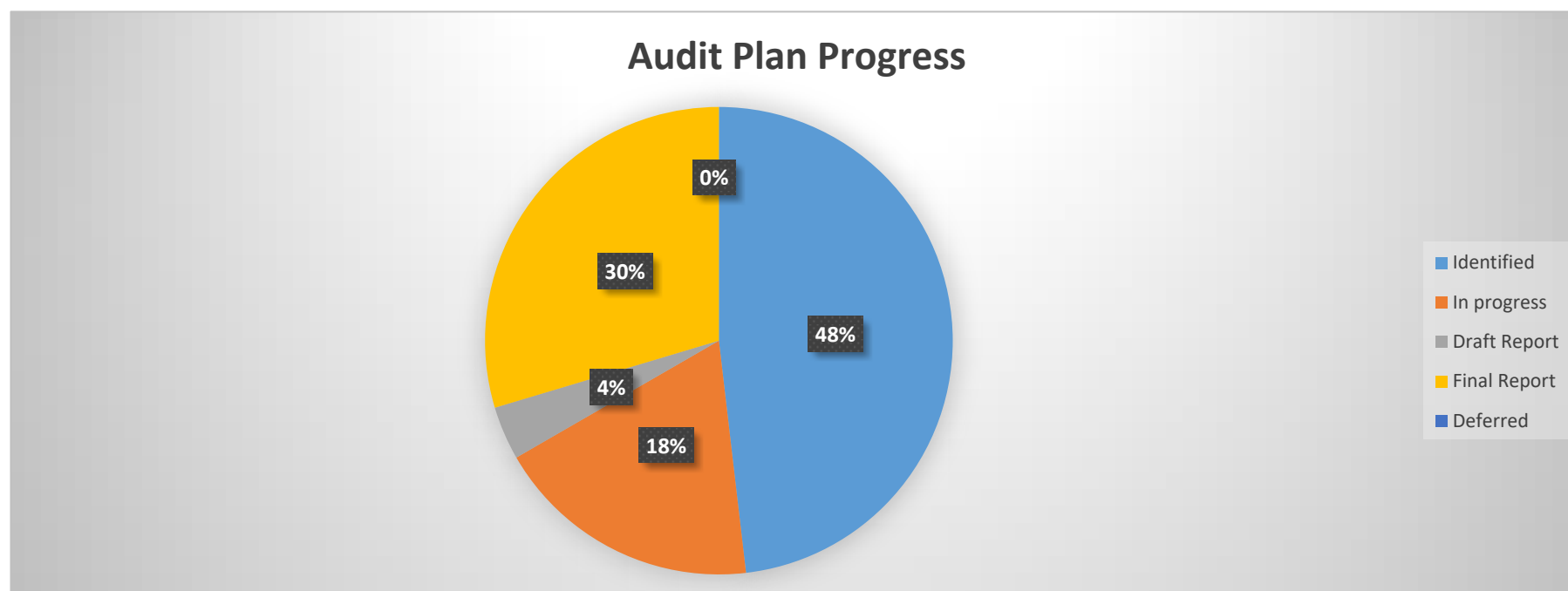
Internal Auditing is an independent, objective and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control,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

This report includes the status against the 2024/25 internal audit plan.

2.0 Audit Plan 2024/25 Progress as at 31 August 2024

There are 25 full audits and 2 follow up reviews totalling 27 reviews in the 2024/25 Audit Plan. These include the “core” financial systems, cross cutting/corporate audits, and service specific reviews.

To date 8 (30%) have been completed including 2 follow up reviews, 1 (4%) is at draft report stage, 5 (18%) are in progress and 13 (48%) are yet to be started.



3.0 Ongoing Activities

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

Ad hoc 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 continuing to develop and promote Fraud Awareness and carry out a risk assessment of the Council's Anti-Fraud and Corruption processes and procedures.

Assurance role on corporate projects.

4.0 Contingencies

No special investigations have been undertaken to date.

No pieces of work have been carried out to date under the provision for requests from the S151 Officer.

5.0 Audit Plan Changes

It is recommended to add an audit of corporate Project Management into the plan to support the development of Internal Audit's assurance role on projects and consistent, joined up practices across the Council. This audit to be accommodated from the allocation assigned in the Annual audit Plan to "Role on Major Projects".

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 Moderate	Substantial or Full*	Substantial	Substantial or Limited*	Limited
E Low	Full	Substantial or Full*	Substantial**	Limited
F Very Low	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

The following summaries relate to Audits completed to date from the 2024/25 Audit Plan.

1.

Control Weaknesses Identified:			Revenues Systems 2024/25	Overall Assurance Opinion:
High	Medium	Low		Substantial Assurance - overall
0	2	0		Agreed action is scheduled to be implemented by 30/09/24

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> Procurement of systems (software for application e-forms for the management of Council Tax, NDR and Council Tax and Housing Benefit Support.) Contracted Service support levels. IT system requirements. Supplier insurance. Data protection compliance. Access to Department of Work & Pensions system 	<ul style="list-style-type: none"> The contract for application e-forms had not been fully completed and did not specify service support, insurance and GDPR requirements. Obsolete records are not automatically deleted within the document management system and a Data Protection Impact Assessment had not been retained. 	<ul style="list-style-type: none"> All contracts are fully completed and formalised. Robust data protection practices are applied.

2.

Control Weaknesses Identified:		
High	Medium	Low
0	3	0

**Chantry Centre
2024/25**

Overall Assurance Opinion:
Limited Assurance
Agreed action is scheduled to be implemented by 31/03/25

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> • Operations Management, Maintenance and Inspection Regime. • Document Management. • Unit Vacancy Rate and Management. • Response to Customer satisfaction and tenant surveys. • Tenancy Mix and Promotion of Centre. • Budget Monitoring. • Leases and Licenses issue framework. 	<ul style="list-style-type: none"> • The financial strategy for the Chantre Centre has not been reviewed post-acquisition (actual performance is regularly monitored and reviewed). • There are no preventative maintenance schedules for the centre. • There is no consolidated facilities management plan which would typically include maintenance schedules, emergency procedures, inventories. 	<ul style="list-style-type: none"> • Financial strategy decisions regarding the centre are based on up-to-date financial projections. • Persistent maintenance issues are addressed, and reactive budget pressures minimised. • There is a consolidated plan for managing the centre effectively.

3.

Control Weaknesses Identified:		
High	Medium	Low
0	1	3

Risk Management 2024/25

Overall Assurance Opinion:

Substantial Assurance

Agreed action is scheduled to be implemented by 30/10/24

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> • Policies and Procedures. • Risk Management System. • Risk Management Training. • Risk Management Reporting and Monitoring. 	<ul style="list-style-type: none"> • The corporate performance management system is not consistently promoted and used for risk management. • Risk management is not consistently embedded at a Service level. • The Risk Management Strategy was not formally updated in 2023. • Formal records are not retained for corporate risk management training. 	<ul style="list-style-type: none"> • Improved monitoring and reporting of risk. • Consistent and embedded risk management practices adopted within Services. • An updated Risk management strategy which reflects the recently amended new performance management approach. • The retention of formal records to demonstrate risk management training has been undertaken.

4.

Control Weaknesses Identified:		
High	Medium	Low
0	2	2

**Grants
2024/25**

Overall Assurance Opinion:
Limited Assurance
Agreed action is scheduled to be implemented by 31/05/25

Scope:	Control Weakness:	Control improvement upon implementation:
<p>A light touch review of the processes applied to the ring-fenced Voluntary Sector Grants covering the:</p> <ul style="list-style-type: none"> • Application Process and assessment of grant provision. • Policy and Procedures. • Award, authorisation and Funding Agreements. • Alignment of funding outcomes to strategic objectives. • Payment of Grants. • Document review and retention. • Performance parameters (setting, monitoring and reporting). • Relationship Management and support. 	<ul style="list-style-type: none"> • Applications for the grants were not critically analysed and fully documented. • Incomplete information submitted to support insurance, health and safety and safeguarding provisions. • Invitation to apply was targeted to selected organisations via email. • No annual performance report on the grants was available for review. 	<ul style="list-style-type: none"> • Evaluation of grant applications is fully and accurately informed and scored. • The quality and appropriateness of policies is confirmed. • Decision making processes for a targeted approach are clearly justified and recorded. • The community benefit from the grants is reviewed and realised.

5.

Control Weaknesses Identified:		
High	Medium	Low
0	2	2

**VAT
2024/25**

Overall Assurance Opinion:
Substantial Assurance
Agreed action is scheduled to be implemented by 31/10/24

Scope:	Control Weakness:	Control improvement upon implementation:
<ul style="list-style-type: none"> • VAT Registration. • VAT Returns. • VAT Policies & Procedures. • VAT Reconciliations. • VAT Rates & Classification. • Segregation of duties. • System Access (HMRC Database). • Efin system Coding (VAT). • Staff Availability, Training and Development. • Standing arrangements with External VAT Experts. 	<ul style="list-style-type: none"> • The Council does not have a documented VAT Guide. • There is reliance on a single officer for VAT administration tasks with no trained back up. • Procurement of VAT consultancy was not undertaken as per Contract Standing Orders. • There is no documented process for the calculation of partial exempt tax or forecasting undertaken of the position for the coming year. 	<ul style="list-style-type: none"> • Less reliance placed on officer expertise and improved contingency arrangements. • Best value obtained and compliant procurement. • Consistent and correct application of VAT calculations. • Improved forecasting.

9.0 Control Weaknesses

Of the 5 2024/25 audits completed, where an opinion has been given 17 exceptions have been raised:

Risk:	No. of exceptions (actions):
High	0
Medium	10
Low	7