



Internal Audit Service

Internal Audit – Progress Report

October 2022

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1. Summary of Progress against Internal Audit Plan 2022/23

Assurance Audits	Stage of Audit	Audit Opinion	Date Assurance reported to A&G committee
Country Park and Rangers	Fieldwork		
Drainage and Culverts	Fieldwork		
Clinical Waste	Fieldwork Complete		
Playground Inspections	Final Report Issued	Limited	25 October 2022
Environmental Protection - Response to Complaints	Fieldwork		
Grant Management – CVS/Champions	Fieldwork		
Property Services Compliance - Gas	Pre-draft Report		
Property Services Compliance - Gas	Pre-draft Report		
Asbestos			
Fire Risk Assessments			
Legionella			
Voids	Fieldwork		
Emergency Response			
Housing Allocations			
Money Advice Service			
Modern Government System			
Business Grants Covid - 19 Post Payment Assurance	Fieldwork		
Commercial Property Compliance			
Asset Management			
Assurance Mapping			
Corporate Governance	Pre-draft Report		
Procurement			
Financial Systems			
Housing Benefits and CTRS			
Creditors			
Debtors			
Council Tax			
Business Rates			
Payroll	Fieldwork		
Rents			
Treasury Management	Pre-draft report		
Main Accounting			
Information Governance			
GDPR – Door Security	Final Report Issued	Limited	25 October 2022
Cyber Security			
NHS DPST submission	Complete	N/A	27 July 2022
Fraud			
Managing the risk of Fraud and Corruption Self-Assessment			
Compliance			
Public Sector Internal Audit Standards Review	Complete	N/A	27 July 2022

1.1 For the period 1 April 2022 to 10 October 2022 progress against the plan for the financial year 2022/23 has been satisfactory with 33% of planned audit work either commenced or completed. Since the last report to the Audit and Governance

Committee on 27 July 2022, two audit reviews have been completed to final report issued stage.

- 1.2 One Internal Auditor, who provided significant support in relation to Information Governance, particularly around the council's compliance with GDPR and the completion of the NHS Data Security and Protection Toolkit, has been promoted to Information Governance & Operational Compliance Manager. This has reduced the number of Internal Auditors in the Service to two and has had an impact on the number of planned Internal Audits completed in the quarter. There will be an impact to the planned audit work for quarter 3 while a recruitment process is undertaken, and as such the Corporate Compliance & Governance Manager is in the process of reviewing the Internal Audit Plan for 2022/23 with a view to reducing the number of planned audit reviews in line with the staffing resource available.

2. Audit Opinions and Priorities for Recommendations

2.1 Assurance rating system

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following levels of assurance are provided following Internal Audit's work.

Substantial	<p>Level of Assurance = High</p> <p>The controls evaluated are well designed, appropriate in scope and applied consistently and effectively. Any issues identified are minor in nature and should not prevent objectives being achieved.</p> <p>There is a low risk of fraud, negligence, loss or damage to reputation.</p>
Moderate	<p>Level of Assurance = Medium</p> <p>The controls evaluated are generally well designed, appropriate in scope and applied in the main consistently and effectively, but some weaknesses have been identified that require management attention. These issues increase the risk that some objectives may not be fully achieved.</p> <p>There is a medium/low risk of fraud, negligence, loss or damage to reputation.</p>
Limited	<p>Level of Assurance = Low</p> <p>Some controls evaluated are generally well designed, appropriate in scope and applied consistently and effectively. However, issues of poor design, gaps in coverage or inconsistent or ineffective implementation have been identified that require immediate management attention. The issues if unresolved, mean that objectives may not be achieved.</p> <p>There is a medium risk of fraud, negligence, loss or damage to reputation.</p>
No	<p>Level of Assurance = None</p> <p>Expected controls are absent, or where evaluated are flawed in design, scope or application leaving the system open to error or abuse. The auditor is unable to form a view as to whether objectives will be achieved.</p> <p>There is a high risk of fraud, negligence, loss or damage to reputation.</p>

2.2 Recommendation Priority Levels

To assist management in using our reports all recommendations made in all internal audit reports are given a priority level as set out in the table below:

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact of frequency presents risk to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

- 2.3 No system of internal control can eliminate every possible risk and increasing the level of control in a system frequently increases costs. Balancing risk appropriately against the costs of control is management's responsibility.
- 2.4 Internal Audit's role is to evaluate and improve the effectiveness of risk management and control processes.
- 2.5 It is important to recognise that the scope of the work in each area examined defines the limits of the assurance which can be provided and to give context to the assurance provided work is summarised in Section 3 below.

3. Assurance reports

Details of the final reports relating to 2022/23, issued during the period 16 July 2022 to 10 October 2022 are as follows:

Final Reports Issued

Audit Title	Assurance Opinion	Recommendations		
		P1	P2	P3
Playground Inspections	Limited	15	7	8
Information Governance – Door Security	Limited	4	2	2

3.1 Playground Inspections – Limited Assurance

3.1.1 The following key areas in relation to the Council's management of Playground Inspections were reviewed by Internal Audit:

- Procedures, Inspection Routines, Inspection Records and Maintenance.
- Processes in place for reporting compliance, non-compliance, and incident management.
- Contracts and Contract Management.
- Review of service risks.

3.1.2 From the work undertaken, it was established that whilst regular inspections were carried out at each Council playground, improvements to the systems and procedures in place were required in relation to:

- Maintenance and format of records.
- Formal approval of the policy in place.
- Individual risk assessments for each playground to inform the inspection schedule.
- Use of the playground condition survey.

3.2 Information Governance – Door Security – Limited Assurance

- 3.2.1 A review of the processes and procedures in place for the management of Council building access was undertaken as required by one of the NHS Data Security Protection Toolkit assertions. It was noted that there are improvements required in relation to access management and work to implement recommendations made by the Information Governance & Operational Compliance Manager is underway.

4. Follow Up Audit Reviews

- 4.1 The following follow up reviews have been undertaken in the period 16 July 2022 to 10 October 2022. It should be noted that for all the follow up reviews undertaken significant progress has been made with the majority of recommendations being implemented and this has enabled movement to at least the next audit assurance level.

Audit Title	Previous Assurance Opinion	New Assurance Opinion
Furnished Tenancies	Limited	Moderate
Leaseholders	Limited	Moderate
Allotments	No	Limited
Sale of Logs	No	Moderate
Vehicle Maintenance	Limited	Moderate

5. Performance Indicators 2022/23

- 5.1 Due to a reduction in staffing within the Internal Audit Service the current target of 90% completion of the Internal Audit Annual Plan may not be achieved, therefore, a review of the annual audit plan will be undertaken, taking into account the staffing resource available and the need for adequate organisational coverage to enable the Corporate Compliance and Governance Manager to give an annual assurance opinion.

Indicator	Target	As of 10 October 2022
% Completion of the Internal Audit Annual Plan	90% of the audit plan completed by the end of the financial year, 31 st March 2022	33%
% Audit recommendations accepted by management, analysed by Priority Level	Priority 1 = 100% Priority 2 = 95% Priority 3 = 90%	Priority 1 = 100% Priority 2 = 100% Priority 3 = 100%
Timely agreement and issue of the final report	80% of final reports (including agreement and completion of the Management Action Plan) issued within 5 weeks of the draft report.	100%
Customer Satisfaction Feedback	95% of feedback is Very Good, Good or Average	100%

Indicator	Target	As of 10 October 2022
	rating	

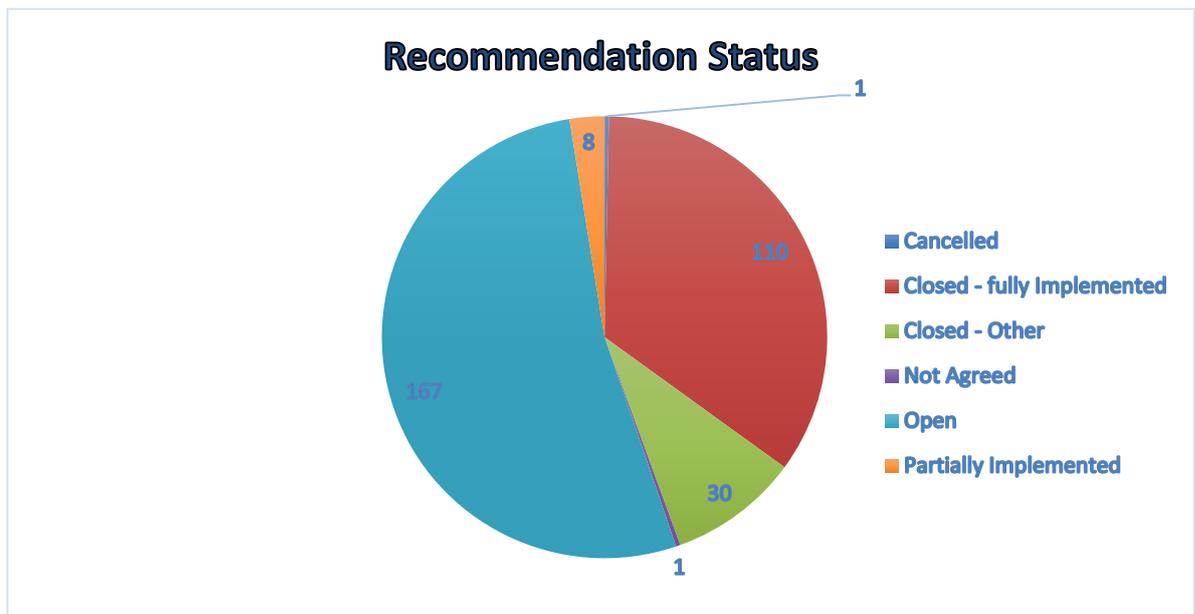
6. Internal Audit Recommendation Summary Information

6.1 The reporting of recommendation implementation progress is provided to this committee at each meeting. Recommendation implementation progress is also reported to the Corporate Management Team on a quarterly basis.

6.2 Substantial work has been undertaken during this quarter to ensure implementation of audit recommendations. This has been endorsed and supported by the Council's Corporate Management Team and as such there has been a significant reduction in outstanding and overdue audit recommendations. As of 10 October 2022, there are no outstanding audit recommendations for the financial year 2019/20 and only four outstanding for 2020/21.

2021/22

6.3 From the final reports issued for 2021/22, Internal Audit made 317 recommendations. The breakdown of recommendations to show their status is shown in the chart below. It should be noted that out of the 167 open recommendations, 101 are within their implementation due date:



2022/23

6.4 From the final reports issued to date there are 38 audit recommendations, all of which are within their implementation date.

Open recommendations by Priority Level for financial years 2020/21 - 2022/23

6.5 The Open recommendations have been analysed further to show the priority levels:

Financial Year	P1	P2	P3	Total
2020/21	1	3	0	4

2021/22	23	98	46	167
2022/23	19	9	10	38
Total	43	110	56	209

7. Conclusion

- 7.1 The 2022/23 Internal Audit Plan is designed to fulfil the Council's duty under the Accounts and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, considering public sector internal auditing standards.