



Internal Audit Service

Internal Audit – Progress Report

January 2023

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

Assurance Audits	Stage of Audit	Audit Opinion	Reported to A&G committee
Country Park and Rangers	Fieldwork		
Drainage and Watercourses	Final Report Issued	Limited	January 2023
Clinical Waste	Final Report Issued	Limited	January 2023
Playground Inspections	Final Report Issued	Limited	October 2022
Environmental Protection - Response to Complaints	Pre-draft report		
Grant Management – CVS/Champions	Fieldwork Complete		
Property Services Compliance - Gas	Draft Report Issued		
Property Services Compliance – Electric	Draft Report Issued		
Asbestos			
Fire Risk Assessments			
Legionella			
Voids	4 x Interim Reports Issued	Overall Limited	
Emergency Response			
Housing Allocations			
Money Advice Service			
Modern Government System			
Business Grants Covid - 19 Post Payment Assurance	Complete	N/A	
Commercial Property Compliance - Leisure	Fieldwork		
Asset Management			
Assurance Mapping			
Corporate Governance	Draft Report Issued		
Procurement – Fleet Contract - Tyres	Final Report Issued	Limited	January 2023
Financial Systems			
Housing Benefits and CTRS	Fieldwork Complete		
Creditors	Pre- Draft Report		
Debtors	Draft Report Issued		
Council Tax	Draft Report Issued		
Business Rates			
Payroll	Fieldwork		
Rents			
Treasury Management – Corporate Credit Card	Final Report Issued	Moderate	January 2023
Main Accounting			
Information Governance			
GDPR – Door Security	Final Report Issued	Limited	October 2022
Cyber Security			
NHS DPST submission	Complete	N/A	July 2022
Fraud			
Managing the risk of Fraud and Corruption Self-Assessment	Fieldwork		
Compliance			
Public Sector Internal Audit Standards Review	Complete	N/A	July 2022

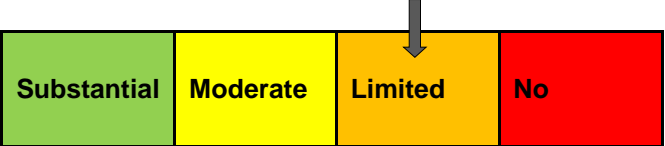
- 1.1 For the period 1 April 2022 to 15 January 2023 progress against the plan for the financial year 2022/23 has been satisfactory. Due to a reduction in staffing resources the Audit Plan has been reviewed and nine audit reviews, initially planned for 2022/23, have been

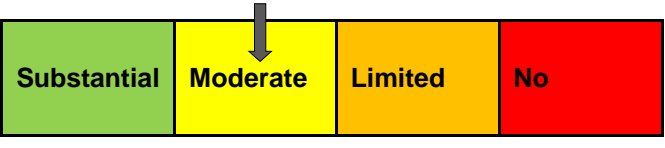
postponed until next financial year, these are highlighted orange for transparency. As at 15 January 2023, 69% of planned audit work is either commenced or completed.

- 1.2 When reviewing resources and the Internal Audit Annual Plan for 2022/23, the Corporate Compliance & Governance Manager has been mindful of the requirement to be able to provide an annual audit opinion on the Council's governance, risk management and internal control environment and is confident at this stage that even with a reduction in the number of audit reviews being undertaken this year, an annual report and opinion can be provided.

2. Audit Assurance Reports

Summary details of the final reports issued during the period 11 October 2022 to 15 January 2023 are as follows, definitions of the Priority Levels and Audit Assurance Ratings are detailed in Appendix A:

Clinical Waste												
Priority Summary		Audit Assurance Rating										
<table border="1"> <thead> <tr> <th colspan="3">Priority Level</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>14</td> <td>4</td> </tr> </tbody> </table>		Priority Level			1	2	3	2	14	4		
Priority Level												
1	2	3										
2	14	4										
Key Findings: <ul style="list-style-type: none"> No up to date strategy or policy in place. Collection list was out of date and visits were being made to dwellings that were not presenting the waste for collection. LCC Service Level Agreement could not be located. Charges for commercial collections had not been reviewed for some time. At the time of the review there was up to a Seven-week delay for request of collection of a sharps bin. 												

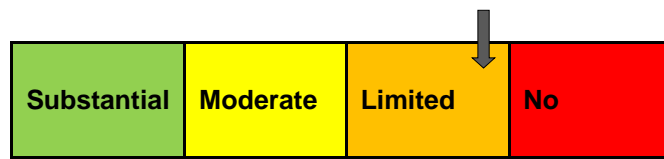
Corporate Credit Card												
Priority Summary		Audit Assurance Rating										
<table border="1"> <thead> <tr> <th colspan="3">Priority Level</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>-</td> <td>6</td> </tr> </tbody> </table>		Priority Level			1	2	3	-	-	6		
Priority Level												
1	2	3										
-	-	6										
Key Findings: <ul style="list-style-type: none"> Enhanced controls around credit card information required. Regular payments paid via the Corporate Credit Card should cease and another payment mechanism used. Risks had not been considered and recorded in Pentana. 												

Drainage & Watercourses

Priority Summary

Priority Level		
1	2	3
2	14	4

Audit Assurance Rating



Key Findings:

- The Council does not have an up-to-date asset register to record all the drains, culverts and watercourses it is responsible for.
- Responsibility for drains, culverts and watercourses is dependent on the service area that "owns" the land rather than being managed corporately.
- There is grant funding, via the Environment Agency, available which the Council should explore further.
- Complaints and enquiries regarding drains, culverts and watercourses are reported inconsistently.

Procurement - Fleet Contract – Tyres

Priority Summary

Priority Level		
1	2	3
0	7	4

Audit Assurance Rating



Key Findings:

- There was no agreed procedure in place for the checking and approval of replacement tyre charges.
- The details on costs provided by the contractor on invoices were not transparent.
- Lack of effective contract management by the Service Area.
- No monitoring of regular issues to ascertain root causes.

3. Performance Indicators 2022/23

3.1 Due to a reduction in staffing within the Internal Audit Service, a review of the annual audit plan has been undertaken and the number of internal audit reviews for 2022/23 has been reduced from 36 to 27. The % Completion of the Internal Audit Annual Plan indicator represents the % of the amended Internal Audit Annual Plan not the original plan.

Indicator	Target	As of 15 January 2023
% Completion of the Internal Audit Annual Plan	90% of the audit plan completed by the end of the financial year, 31 st March 2022	69%
% 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 rating	100%

4. Internal Audit Recommendation Status Summary Information

4.1 The reporting of recommendation implementation progress is provided to this committee at each meeting. To ensure that Internal audit recommendations are implemented the status of audit recommendation implementation is reported to CMT members on a weekly basis

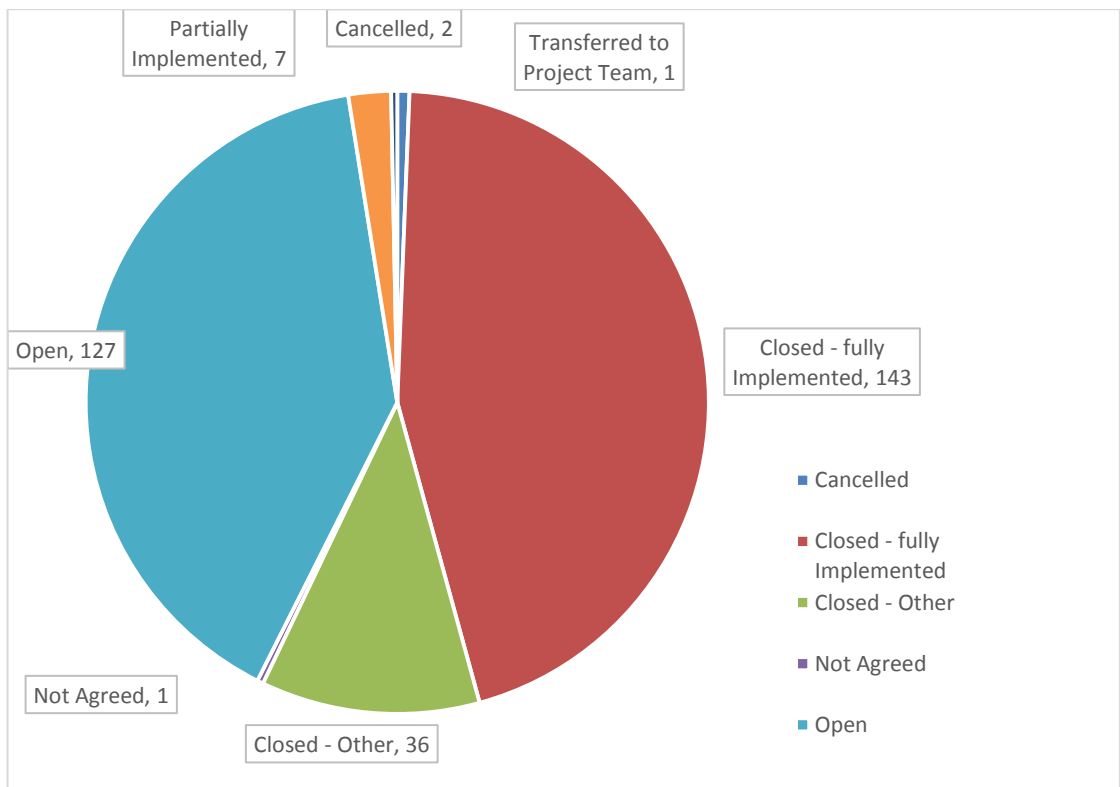
2020/21

Four Internal Audit recommendations remain outstanding for 2020/21, and the relevant service areas are currently working on their implementation. Progress is being reported to CMT on a weekly basis

2021/22

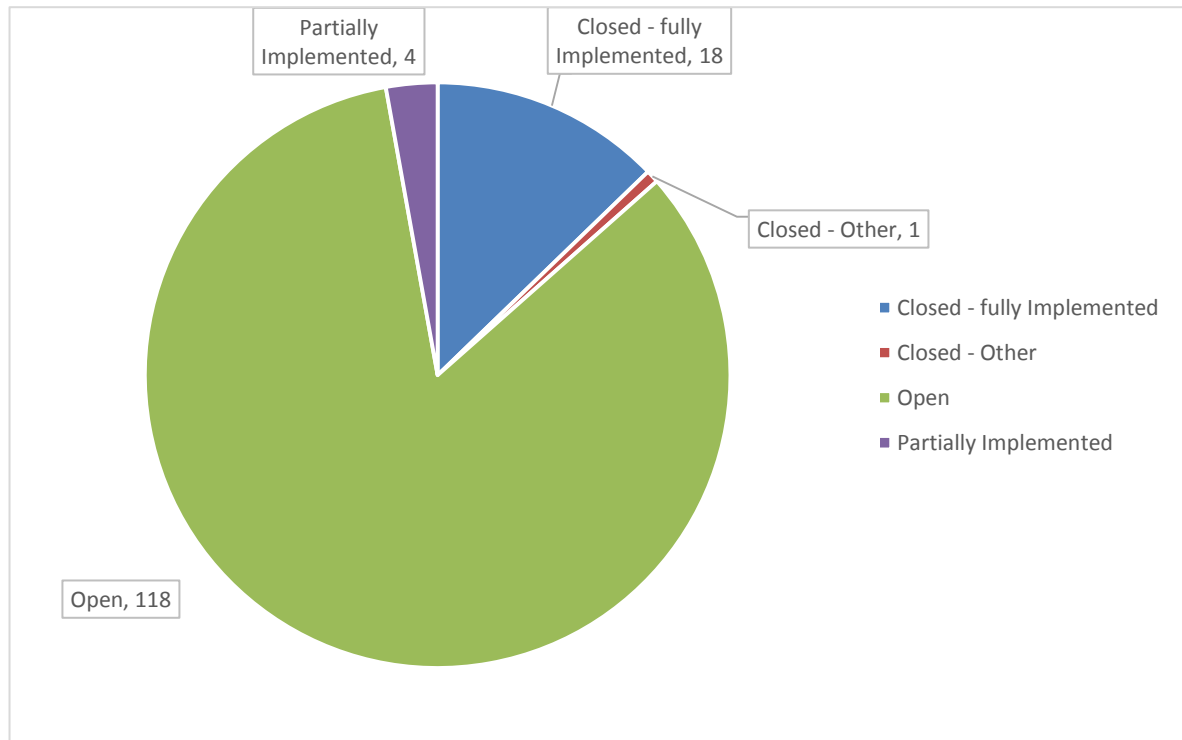
From the final reports issued for 2021/22, Internal Audit made 317 recommendations and their current status is detailed in the chart below.

It should be noted that out of the 127 open recommendations, 86 are within their implementation date, leaving 41 (13%) overdue. As stated above these are being monitored on a weekly basis.



2022/23

From the final reports issued for 2022/23 to date, Internal Audit have made 141 recommendations and their current status is detailed in the chart below. Out of the 118 open recommendation 95 are within their implementation date, leaving 23 (17%) recently becoming due.



Open Recommendations by Priority Level for Financial Years 2020/21 – 2022/23

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	18	79	30	127
2022/23	26	65	27	118
Total	45	147	57	249

Appendix A. - Definition of Audit Assurance Opinions and Priority Levels for Recommendations

Audit Assurance Opinions	
<p>Records the overall level of assurance recognised by the Internal Audit at the time the audit work was carried out. The assurance opinion is based upon the priority levels of the findings and recommendations arising from the fieldwork carried out by Internal Audit.</p> <p>The following categories are used to record the level of assurance over the Council's risk management, control and governance processes.</p>	
Assurance Opinion	Assessment of Internal Control
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>

Priorities for Recommendations

Priority 1	<p>A fundamental system weakness, which presents unacceptable risk to the system objectives. Requires immediate management action to remedy weakness in control that has led or may lead to one or more of the following:</p> <ul style="list-style-type: none">• Substantial loss of resources (e.g. financial, staff, materials or assets).• Serious failure to comply with legislation and / or Council Policy.• Significant reputational damage for the Council, involving national media.• Significant adverse regulatory impact, such as a national report, intervention or suspension of services
Priority 2	<p>A significant system weakness, whose impact of frequency presents risk to the system objectives. Timely management action is required to remedy weaknesses in internal control that could lead to one or more of the following:</p> <ul style="list-style-type: none">• Loss of resources.• Failure to comply with some aspects of legislation and /or Council Policy.• Reputational damage for the Council, involving local or regional media• Adverse regulatory impact, such as loss of external ratings or negative local report.
Priority 3	<p>Weaknesses that individually have no major impact, but still require management action. The recommendations represent best practice or where the system/process could benefit from improved controls or greater efficiency.</p>