



Internal Audit Service

Internal Audit – Progress Report

May 2023

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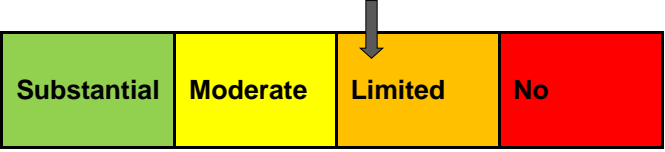
1. Summary of Progress against Internal Audit Plan 2022/23

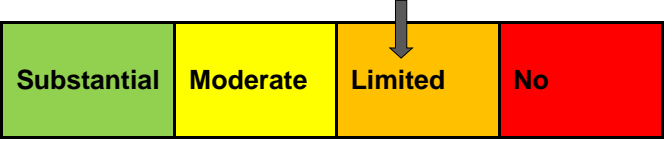
Assurance Audits	Stage of Audit	Audit Opinion	Reported to A&G committee
Country Park and Rangers	Fieldwork		
Drainage and Watercourses	Final Report Issued	Limited	January 2023
Clinical Waste	Final Report Issued	Limited	January 2023
Playground Inspections	Final Report Issued	Limited	October 2022
Environmental Protection - Response to Complaints	Final Report Issued	Limited	May 2023
Grant Management	Transferred to 23/24		
Property Services Compliance - Gas	Final Report Issued	Limited	May 2023
Property Services Compliance – Electric	Final Report Issued	Moderate	May 2023
Voids	4 x Interim Reports Issued	Overall Limited	May 2023
Business Grants Covid - 19 Post Payment Assurance	Complete	N/A	
Commercial Property Compliance - Leisure	Pre-draft Report		
Assurance Mapping	Ongoing	N/A	
Corporate Governance	Draft Report Issued	<i>Moderate</i>	
Procurement – Fleet Contract - Tyres	Final Report Issued	Limited	January 2023
Financial Systems			
Housing Benefits and CTRS	Final Report Issued	Moderate	May 2023
Creditors	Draft Report Issued	<i>Moderate</i>	
Debtors	Final Report Issued	Moderate	May 2023
Council Tax	Final Report Issued	Moderate	May 2023
Business Rates	Draft Report Issued	<i>Substantial</i>	
Payroll	Fieldwork		
Rents	Draft Report Issued	<i>Moderate</i>	
Treasury Management – Corporate Credit Card	Final Report Issued	Moderate	January 2023
Main Accounting	Transferred to 23/24		
Information Governance			
GDPR – Door Security	Final Report Issued	Limited	October 2022
NHS DPST submission	Complete	N/A	July 2022
Fraud			
Managing the risk of Fraud and Corruption Self-Assessment	Fieldwork	N/A	
Compliance			
Public Sector Internal Audit Standards Review	Complete	N/A	July 2022

- 1.1 For the period 1 April 2022 to 15 May 2023 progress against the plan for the financial year 2022/23 has been Good with 91% of planned audit work being either completed or nearing completion.
- 1.2 There remains a vacant post of one Internal Auditor and the Corporate Compliance and Governance Manager (CCGM) is in the process of recruiting a temporary Internal Auditor while a new post for a career graded auditor is developed and recruited to.
- 1.3 As previously reported to the Audit & Governance Committee, due the current staffing vacancy the CCGM has kept the Internal Audit Plan under close review and where required made amendments throughout the year. When reviewing resources and the Internal Audit Annual Plan for 2022/23, the CCGM 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 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 16 January 2023 to 15 May 2023 are as follows, definitions of the Priority Levels and Audit Assurance Ratings are detailed in Appendix A:

Environmental Protection – Response to Complaints												
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>1</td> <td>8</td> <td>10</td> </tr> </tbody> </table>		Priority Level			1	2	3	1	8	10		
Priority Level												
1	2	3										
1	8	10										
<p>Key Findings:</p> <ul style="list-style-type: none"> • A review of policies required to ensure they remain up to date and fit for purpose. • M3 system data should be cleansed in accordance with the Council's retention schedule. • Customer correspondence had information missing. 												

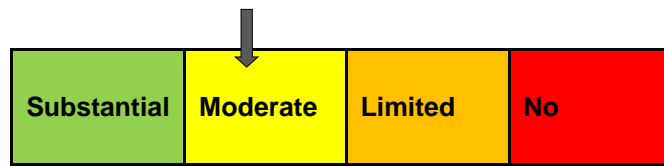
Property Management – Gas												
Priority Summary		Audit Assurance Rating										
<table border="1"> <thead> <tr> <th colspan="3">Priority Level</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>18</td> <td>5</td> <td>1</td> </tr> </tbody> </table>		Priority Level			1	2	3	18	5	1		
Priority Level												
1	2	3										
18	5	1										
<p>Points to Note:</p> <p>Since the issue of the final report Internal Audit has worked closely with the service area to monitor progress. A number of the recommendations made are fully or partially implemented and good progress is being made on the remaining recommendations. A service review is in progress and appointments have been made to key posts which will positively impact compliance.</p> <p>Key Findings:</p> <ul style="list-style-type: none"> • The system procured to manage gas compliance is not being used to its full potential. • Certificates are not always uploaded to the Councils Housing System QL • Enhanced mechanisms to ensure the completion of follow up work are required. 												

Property Management - Electric

Priority Summary

Priority Level		
1	2	3
7	15	1

Audit Assurance Rating



Key Findings:

- Third party audit checks are not being carried out
- Follow up works are not being managed through the Councils Housing Management system.
- A process is not in place for properties where access cannot be gained for compliance checks.

Voids (4 reports issued)

Priority Summary

Priority Level		
1	2	3
24	29	2

Audit Assurance Rating



It should be noted that out of the 55 recommendations made, 24 have been implemented and are now closed. Work continues on the remaining recommendations, and these remain within their implementation dates.

Key Findings:

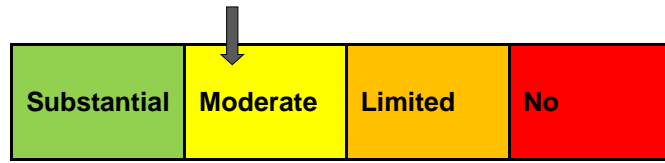
- No audit trail in the Housing Management system in relation to voids works carried out for all properties.
- Contractors surveyor and WLBC surveyors not jointly signing works off.
- Instances where additional works carried out by the contractor were not being authorised by WLBC before being undertaken.
- Instances identified where the in-house clearance team were undertaking works that should have been undertaken by the contractor as part of the price per void.
- Errors in respect of rates charged by the contractor when compared to the schedule of rates.

HB & CTRS

Priority Summary

Priority Level		
1	2	3
0	1	4

Audit Assurance Rating



Key Findings:

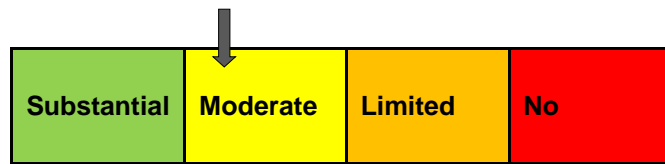
- A sample of claims in relation to the Local Housing Allowance Scheme found that a small sample of claims had not had the 13-week protection applied resulting in an underpayment of benefit. Audit have requested that claims under this scheme are checked and if necessary amended.

Debtors

Priority Summary

Priority Level		
1	2	3
0	2	3

Audit Assurance Rating



Key Findings:

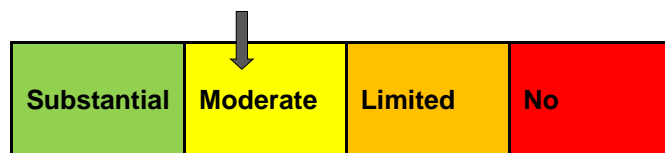
- Guidance notes require updating.
- Issues in relation to access rights in the system were noted.

Council Tax

Priority Summary

Priority Level		
1	2	3
0	3	3

Audit Assurance Rating



Key Findings:

- Minor anomalies on spreadsheets used were noted but this had little overall effect on the taxbase.
- Anomalies were noted for the accounting of a small number of band X properties.

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 May 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	91%
% 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 regular basis

2020/21

Two Internal Audit recommendations remain outstanding for 2020/21, and the newly appointed manager of the service area is currently working on implementation. Progress is being reported to CMT on a regular basis.

2021/22

From the final reports issued for 2021/22, Internal Audit made 317 recommendations and at the time of reporting there are 105 open or partially completed recommendations. It should be noted that out of the 105 open recommendations, 102 are within their implementation date, leaving 3 (3%) overdue. As stated above these are being monitored on a regular basis.

2022/23

From the final reports issued for 2022/23, Internal Audit have made 208 recommendations to date. From the 208 recommendations made 147 are currently open or partially completed, 24 (16%) of which recently became 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	1		2
2021/22	13	68	24	105
2022/23	39	68	40	147
Total	53	137	64	254

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>