



## **Corporate Compliance & Governance Service**

### **Internal Audit Activities – Progress Report**

**October 2024**

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## 1. Summary of Progress against Internal Audit Plan 24/25

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For the period 1 April 2024 to 15 October 2024 progress against the plan for the financial year 2024/25 has been good. As of 15 October 2024, 44% of planned audit work has been completed.

Audit Reviews	Stage of Audit	Audit Opinion
Income Collection - Leisure Centres & <del>Beacon</del>	Fieldwork Completed	
Homelessness		
Pest Control	Final Report Issued	Moderate
Asbestos Safety		
Fleet Maintenance	Fieldwork	
Members Allowances	Final Report Issued	Substantial
Investment Centre - Bookings and Billing	Pre-draft report	
Corporate Governance - Transparency Data	Pre-draft Report	
Burials	Final Report Issued	Moderate
Climate Change	Cancelled until 2025/26	
Capital Programme		
Procurement	Fieldwork	
Debt Write Off Process	Fieldwork	
Elections Account		
Housing Benefits and CTRS		
Creditors		
Debtors	Draft Report Issued	
Payroll	Fieldwork	
Council Tax	Fieldwork	
Business Rates		
Main Accounting incl. Treasury management	Draft report issued	
Rents		
Data Security - Council Buildings	Pre-draft Report	
Cyber Security Arrangements		
Electric – Compliance – New	Draft Report Issued	
Gas – Compliance - New	Pre-Draft Report Issued	
Beacon Country Park - New	Fieldwork commenced	
Housing Allocations - New		

There has been a request received from the Director of Housing and Environment for several additional audit reviews for Housing Services. The Corporate Compliance and Governance Manager has utilised some contingency days and the audit days from the Climate Change review that was postponed accommodating this request.

Additional work for Beacon Country Park is required and contingency days have been used for this work.

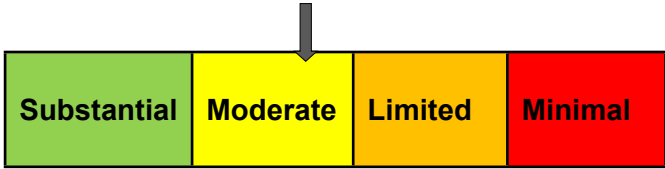
The Internal Audit Service is currently undertaking some investigative work and will provide members an update when this has been completed.

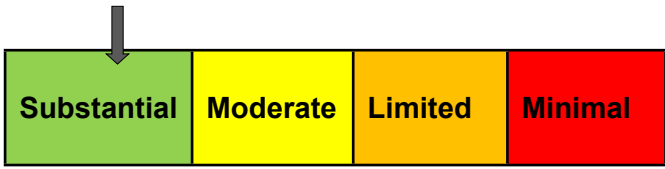
Two investigations have been completed and both have been referred to Action Fraud for further investigation and if required action by the Police.

## 2. Audit Assurance Reports

Summary details of the final reports, issued during the period 16 May 2024 to 15 October 2024 which relate to the Internal Audit Plan 2024/25 are as follows.

The definitions of the Priority Levels and Audit Assurance Ratings for Internal Audit reviews undertaken are detailed in Section 5 of the report.:

Pest Control													
<b>Priority Summary</b>	<b>Audit Assurance Rating</b>												
<table border="1"> <thead> <tr> <th>Priority Level</th> <th>Number of Recommendations</th> </tr> </thead> <tbody> <tr> <td>Critical</td> <td>1</td> </tr> <tr> <td>High</td> <td>8</td> </tr> <tr> <td>Medium</td> <td>13</td> </tr> <tr> <td>Low</td> <td>3</td> </tr> <tr> <td>Advisory</td> <td>0</td> </tr> </tbody> </table>	Priority Level	Number of Recommendations	Critical	1	High	8	Medium	13	Low	3	Advisory	0	 <p><b>Key Findings:</b></p> <ul style="list-style-type: none"> <li>• Health and Safety, and Risk Assessments require review and where necessary update.</li> <li>• Reconciliations of completed service requests to income is not undertaken.</li> <li>• Price and stock lists require updating in Service now.</li> <li>• A review of non-contract commercial charging is required.</li> </ul>
Priority Level	Number of Recommendations												
Critical	1												
High	8												
Medium	13												
Low	3												
Advisory	0												

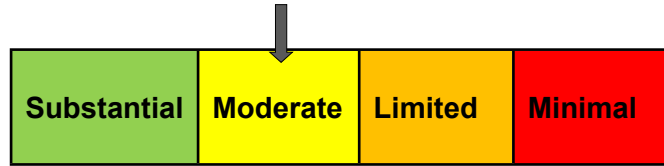
Members Allowances													
<b>Priority Summary</b>	<b>Audit Assurance Rating</b>												
<table border="1"> <thead> <tr> <th>Priority Level</th> <th>Number of Recommendations</th> </tr> </thead> <tbody> <tr> <td>Critical</td> <td>0</td> </tr> <tr> <td>High</td> <td>0</td> </tr> <tr> <td>Medium</td> <td>0</td> </tr> <tr> <td>Low</td> <td>2</td> </tr> <tr> <td>Advisory</td> <td>2</td> </tr> </tbody> </table>	Priority Level	Number of Recommendations	Critical	0	High	0	Medium	0	Low	2	Advisory	2	 <p><b>Key Findings:</b></p> <ul style="list-style-type: none"> <li>• The Council webpage relating to Councillors additional allowances requires update.</li> </ul>
Priority Level	Number of Recommendations												
Critical	0												
High	0												
Medium	0												
Low	2												
Advisory	2												

## Burials

### Priority Summary

Priority Level	Number of Recommendations
Critical	0
High	3
Medium	7
Low	5
Advisory	0

### Audit Assurance Rating



### Key Findings:

- Risk assessments and training for grave diggers needs refreshing.
- A Burial Rights Policy is required.
- There were some deviations from the agreed fees and charges where approval or explanation were not recorded.
- A separate cost centre is required to enable reconciliation to be undertaken more efficiently.

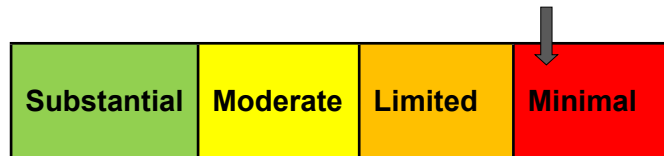
## Reports from 2023/24

### Agency Staffing

### Priority Summary

Priority Level	Number of Recommendations
Critical	3
High	6
Medium	7
Low	0
Advisory	0

### Audit Assurance Rating



### Key Findings:

- It is difficult to identify posts filled by agency staff in the current Payroll system. Establishment Lists are not easy to generate from the system.
- Agency staffing spend is not monitored or controlled centrally.
- Procurement and HR Services are not always consulted prior to staff being engaged from Agencies other than the Councils contracted provider.
- Procurement Service is not provided with details of agency contracts over £5,000 to enable inclusion on the contracts register.
- There are instances where agency staff are employed for more than 24 months.

### 3. Performance Indicators 2024/25

Indicator	Target	As of 15 October 2024
% Completion of the Internal Audit Annual Plan	90% of the audit plan completed by the end of the financial year, 31 <sup>st</sup> March 2024	44%
% Audit recommendations accepted by management, analysed by Priority Level: <div style="display: flex; flex-direction: column; gap: 2px;"> <div style="background-color: red; color: white; padding: 2px;">Critical</div> <div style="background-color: orange; color: black; padding: 2px;">High</div> <div style="background-color: yellow; color: black; padding: 2px;">Medium</div> <div style="background-color: lightgreen; color: black; padding: 2px;">Low</div> <div style="background-color: lightblue; color: black; padding: 2px;">Advisory</div> </div>	95% for all priorities	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. Fraud

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### Review of Counter Fraud Arrangements

The Corporate Compliance & Governance Manager (CCGM) is currently in the process of reviewing the Councils counter fraud arrangements using documents such as CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and the Fighting Fraud and Corruption Locally – A Strategy for the 2020's. Once this review has been completed any findings and recommendations will be reported to management and then to the Audit and Governance Committee.

In addition to planned activity, Internal Audit have a role in the investigation of fraud and irregularity, responding to items referred to it in accordance with established procedures. Three referrals for investigation were received by the CCGM. Two cases have been fully investigated and referred to Action Fraud for further review by the Police. Internal Audit are currently investigating the third case and the outcome of this investigation will be reported to Audit and Governance Committee Members in due course.

### National Fraud Initiative

The CCGM acts as the Councils Key Contact for the National Fraud Initiative (NFI). NFI allows for effective data matching using data from other local authorities and public sector organisations. The results of the data matches were recorded in the Cabinet Office NFI portal.

The CCGM is currently coordinating the collection of the following data sets that will be provided to the cabinet Office during October/November 2024 for data matching:

Creditors History

Creditors Standing

Council Tax Reduction Scheme

Housing Tenants

Payroll

Right to Buy

Taxi Drivers

Housing Waiting List



## 5. Definition of Audit Assurance Opinions & Priority Levels for Recommendations for 2024/25

<b>Audit Assurance Opinions</b>	
<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>	
<b>Assurance Opinion</b>	<b>Assessment of Internal Control</b>
Substantial Assurance	<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 Assurance	<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 Assurance	<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>
Minimal Assurance	<p>Level of Assurance = Minimal or 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

<b>Critical</b>	<p>Recommendation concerning the absence/failure of fundamental control/s which is critical to the success of the system. Major weakness which significantly impairs the overall control framework.</p> <p>Risk Exposure - <b>Very High</b></p> <p><b><i>Action must be taken immediately.</i></b></p>
<b>High</b>	<p>Recommendation concerning absence or non-compliance with key control/s which creates significant risks within the organisation. Substantial weakness identified.</p> <p>Risk Exposure - <b>High</b></p> <p><b><i>Action must be taken within one month.</i></b></p>
<b>Medium</b>	<p>Recommendation concerning absence or non-compliance with lower-level control, or an isolated instance of non-compliance with a key control. The weakness identified is not necessarily great, but controls would be strengthened, and the risks reduced if it were rectified.</p> <p>Risk Exposure - <b>Moderate</b></p> <p><b><i>Action should be taken with six months.</i></b></p>
<b>Low</b>	<p>Recommendation concerning minor issue, which is not critical, but implementation would improve the system and/or strengthen controls.</p> <p>Risk Exposure - <b>Low</b></p> <p><b><i>Action should be taken with twelve months.</i></b></p>
<b>Advisory</b>	<p>These are issues identified during the review that do not adversely impact the service but include areas of enhancement to existing operations and the adoption of best practice.</p>