

## **AUDIT COMMITTEE**

**DATE OF MEETING:** 22 March 2022

**TITLE OF REPORT:** INTERNAL AUDIT PROGRESS REPORT Q3

**Report of:** Internal Audit Manager

**Cabinet Member:** Councillor James Radley, Finance and Corporate Services

### **1. PURPOSE OF REPORT**

1.1 To update the Committee on Internal Audit work carried out between November 2021 and February 2022

### **2. OFFICER RECOMMENDATION**

2.1 That the Internal Audit work completed between November 2021 and February 2022 be noted.

### **3. BACKGROUND**

3.1 Internal Audit prepares a risk-based plan which identifies the work that is to be carried out during the year. The plan was approved by the Committee in March 2021. The plan for 2021/22 is a reduced one, considering the impact of COVID-19 has had on internal audit work and the reduction in Internal Audit resource.

3.2 Four audit reports were issued between November 2021 and February 2022

- Grounds Maintenance & Street Cleaning –Appendix A
- Accounts Payable – Appendix B
- Accounts Receivable – Appendix C
- IT Controls - Appendix D

3.3 Six audits are currently in progress:

- Payroll
- Waste
- Financial Resilience
- Council Tax
- Treasury Management
- Shapley Heath – Garden Community

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3.4 Three audits are due to commence March /April

- Main Accounting
- Housing Benefit
- Planning

3.5 Progress on internal audit reviews is shown below:

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<b>Audit</b>	<b>Planned</b>	<b>Scope agreed</b>	<b>Fieldwork in progress</b>	<b>Fieldwork complete</b>	<b>Draft report Issued</b>	<b>Expected completion dates</b>	<b>Completed</b>	<b>Notes</b>
Housing Benefit	Carry over from 2020/21	Yes	Yes	Yes	Yes	n/a	Report Issued August 2021	
Complaints	Q1	Yes	Yes	Yes	Yes	n/a	Report Issued October 2021	
Fraud Risk Assessment	Q1	Yes	Yes	Yes	Yes	n/a	Report Issued November 21	
IT Controls	Q1	Yes	Yes	Yes	Yes	Dec 2021	Report Issued February 2022	
Waste	Q2	Yes	Yes	Yes	Yes – draft issued – closing meeting arranged	March 2022		The governance review for Waste and Ground Maintenance was completed as 2 audits (see below) -
Grounds Maintenance /Street Cleaning	Q2	Yes	Yes	Yes	Yes	Jan 2022	Report Issued February 2022	
Financial Resilience	Q2	Yes	Yes			Feb 2022		Moved from Q2 to allow for

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								actions to be progressed
Accounts Payable	Q2	Yes	Yes	Yes	Yes	Dec 2021	Report Issued January 2022	
Accounts Receivable	Q2	Yes	Yes	Yes	Yes	Dec 2021	Report Issued January 2022	
Main Accounting	Q2					April 2022		To be completed Q4
Disabled Facilities grants	Q2	Yes	Yes	Yes	Yes	n/a	Report issued November 21	
Planning Performance	Q2	Yes				Mar 2022		Procurement near completion
Council Tax and NNDR	Q3	Yes	Yes	Yes	Yes	Feb 2022		Awaiting closing meeting
Treasury Management	Q4	Yes	Yes	Yes		Mar 2022		
Payroll	Q4	Yes	Yes	Yes		Mar 2022		
Housing Benefit	Q4	Yes				May 2022		To commence end of March/April
Shapley Heath – Garden Community	Q4	Yes	Yes			May 2022		Fieldwork commenced 28 February 2022

## **4. CONSIDERATIONS**

### **4.1 Planned Work**

During the period between November 2021 and February 2021 four reports were issued for:

- IT Controls
- Grounds Maintenance & Street Cleaning
- Accounts Payable
- Accounts Receivable

### **4.2 Unplanned Work**

Resources from Internal Audit continue to be used to complete business grant post assurance checks and facilitate the test and trace payments. In addition to this as of December 2021 Internal Audit has been instrumental in the delivery of the Omicron main and discretionary grants. This work is anticipated to continue until summer 2022.

The additional independent internal audit of Shapley Heath which was approved by audit committee in December 2021 has now been procured and fieldwork has commenced. The cost of this reviews will be met from additional burdens funding.

### **4.3 Data Quality Review**

Internal Audit are required to check the quality of data that Overview & Scrutiny use. There is no specific data quality review in the audit plan to test the performance information, but it is included audits throughout the year.

A summary of these reviews is detailed in Appendix E

### **4.4 Follow Ups**

All high-risk recommendations are followed up with the responsible officer to ensure that the proposed action has been taken.

Progress of any actions taken are documented. If no progress has been made this will then be escalated.

A summary of the follow up work is shown below.

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<b>Audit</b>	<b>Issue</b>	<b>Responsible Officer</b>	<b>Due date</b>	<b>Status</b>
Payroll 20-21	The DBS framework needs to be put in place	Head of Corporate Services	August 2021	List of roles requiring checks has been verified by Heads of Service.  Contract change with Zellis is now agreed to authorise Zellis to operate on our behalf, which will allow the service to commence.  Paperwork is being prepared for checks to commence.  This is now completed

#### 4.4 **FRAUD**

- 4.5 Meetings are taking place with officers to ensure that fraud risks are captured on the service risk registers
- 4.6 Approximately 60% of the post assurance checks have been completed for business grants paid from November 2020 onwards. These checks are prescribed by Business, Energy & Industrial Strategy (BEIS). This work has been put on hold whilst the Omicron grants are paid.
- 4.7 All NFI grant matches from the first round of grant payments (March – September 2020) have now been reviewed and reported.
- 4.8 From a total of 405 NFI matches received (Revenues/Benefits/Creditors) 377 have now been processed (93%). The remaining 28 are being reviewed. Overpayments from these matches are currently £14,937 and the Cabinet Office Estimate of savings is £79,661. Appropriate recovery action will be taken on these accounts.
- 4.9 There are currently 30 cases with the DWP for investigation. These will continue to be monitored by the Capita Fraud team.
- 4.10 Council Tax Single Person Discount review 2020/21 has now been completed 2458 properties were contacted of those 322 accounts were removed from the scheme either for non response or that they were no longer eligible. As in previous reviews it is anticipated that a percentage of the non responders will make contact and reapply for the discount.

#### 5. **RISK MANAGEMENT**

- 5.1 Internal Audit continue to facilitate the risk management process to ensure there are effective arrangements in place to manage risk.
- 5.2 The corporate risk register was reported to Overview & Scrutiny in March 2022
- 5.3 Key service risks are reported to service panels and summaries of these reports are reported to Overview & Scrutiny.

## **6. FINANCIAL AND RESOURCE IMPLICATIONS**

6.1 There are no direct financial implications arising from this report.

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### **APPENDICES**

Appendix A – Ground Maintenance

Appendix B –Accounts Payable

Appendix C – Accounts Receivable

Appendix D- IT Controls

Appendix E – Data Quality Review