

# INTERNAL AUDIT ANNUAL REPORT (INCLUDING Quarter 4 PROGRESS REPORT)



Finance, Procurement, Customer Services and Revenues & Benefits

Date: 20<sup>th</sup> April 2022

Agenda Item:

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Key Decision? NO

Local Ward Members Full Council

**AUDIT &  
MEMBER  
STANDARDS  
COMMITTEE**

## 1. Executive Summary

- 1.1 This report comprises Internal Audit's Annual Report, including results for the quarter to 31 March 2022 (**Appendix 1**).

## 2. Recommendations

- 2.1 To note Internal Audit's Annual Report, including results for the quarter to 31 March 2022.

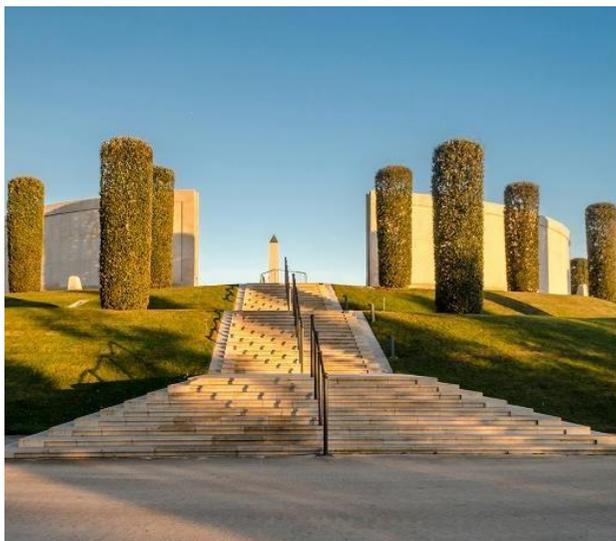
## 3. Background

- 3.1 The Annual Report for Internal Audit details the work completed during 2021/22. The purpose of this report is to express an opinion of the soundness of the governance, risk management and control environment and highlight any controls issues relevant for inclusion in the Annual Governance Statement. The overall opinion for the financial year is summarised below.
- 'On the basis of our audit work, our opinion on the council's framework of governance, risk management and internal control is adequate in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed'.
- 3.2 The internal audit plan 2021/22 comprised **17 (including the additional IT) audits**. The target of achieving **90%** of the plan has not been reached with **82%** of the plan achieved at year end with a customer satisfaction score of **4.7** compared to the target of **4.0 or more**.
- 3.3 However performance against other KPI's has been affected due to allowing service areas to concentrate on business critical service delivery responding to Covid-19. This has resulted in exceeding timescales set as targets within the KPI's.
- 3.4 Following comments received at the previous Committee meeting held on 3 February 2022, additional detail has been included within the **Appendix 1**, which outlines the progress and management responses to 'high priority' overdue recommendations. As at 1 April 2021 there were 10 high priority recommendations which had been raised and were overdue. During the financial year 2021/22 no further 'high priority' recommendations have been raised. The table outlines in my report that currently there are 5 overdue high priority recommendations outstanding. As previously reported to Committee we hold quarterly meetings with all Heads of Service to discuss all outstanding recommendations and the progress management is taking to address these issues. To enable clarity around the current position in relation to the overdue high priority recommendations I have included commentary on these in **Appendix 1** of this report.

3.5 No material matters of fraud or irregularity have been reported during the year.

Alternative Options	N/A		
Consultation	N/A		
Financial Implications	The audit service has been delivered within budget during the year.		
Approved by Section 151 Officer	Approved		
Legal Implications	None		
Approved by Monitoring Officer	Approved		
Contribution to the Delivery of the Strategic Plan	Delivery of the audit plan contributes to all aspects of the District Council's Strategic Plan.		
Equality, Diversity and Human Rights Implications	No equality, diversity or human rights implications arising from this report.		
Crime & Safety Issues	None arising.		
Environmental Impact	None arising.		
GDPR/Privacy Impact Assessment	None required.		
<b>Risk Description &amp; Risk Owner</b>	<b>Original Score (RYG)</b>	<b>How We Manage It</b>	<b>Current Score (RYG)</b>
A Significant / high risk systems of internal control fail and go undressed.  Audit Manager	Likelihood: Yellow Impact: Red Severity: Red	The audit planning process ensures that audit resources are directed to areas of most significant /highest risk.	Likelihood: Green Impact: Yellow Severity: Yellow
Background documents	Audit Plan and Charter approved by Audit & Member Standards Committee 25 March 2021.		
Relevant web links			

Internal Audit Annual Report (including Quarter 4 2021/22  
Progress Results)  
April 2022



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- 02 Assurance and Recommendation Classifications**

If you have any questions about this report, please contact Andrew Wood [andrew.wood@lichfielddc.gov.uk](mailto:andrew.wood@lichfielddc.gov.uk)

The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be needed. This report was produced solely for the use and benefit of Lichfield District Council. The council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

## APPENDIX 1

### 01 INTRODUCTION

#### BACKGROUND

This report comprises Internal Audit's Annual Report, including results for the quarter 4 to 31 March 2022.

#### SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations 2015 require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This opinion forms part of the framework of assurances that is received by the council and should be used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal Audit's professional responsibilities as auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

#### ACKNOWLEDGEMENTS

Internal audit is grateful to the heads of service, service managers and other staff throughout the council for their help during the period.

### 02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2021/22 was approved by the Audit & Member Standards Committee in March 2021. The plan was for a total of 16 audits, this was revised during the year. This

was due to the new Audit Manager (Shared Service) taking up post in June and a reduction of audit resources due to two staff leaving the section during the financial year. The Audit Manager reviewed the Audit Plan and procured the resources of an IT specific auditor through E-TEC Business Services and general auditor provision through TIAA. This procurement exercise was completed in September and both contractors started work on their elements of the plan in October 2021.

E-TEC Business Services also provided the Council with an updated IT Audit Needs Assessment which was provided to Committee in September 2021. This formulated a plan of audit specific work.

The plan was further reviewed during the year and the revised plan allowed for a total of 17 audits, against the original 16. Two audits, Elections and Climate Change were deferred to the 2022/23 Audit Plan for consideration and approval by this committee.

A key performance indicator for Internal Audit is to continue towards the target of 90% audit plan achievement at year end, however due to the changes in the section and the resourcing requirements and procurement exercise undertaken we achieved an out turn of 82% audit plan completion by 31 March 2022.

Performance against internal audit KPI's is at section 05 but clearly the above has had an effect. This is particularly highlighted in the turn around times for audits from fieldwork completion to draft report and final report agreement.

The audit findings of each review, together with recommendations for action and the management responses are set out in our detailed reports. A summary of the reports we have issued during the period is included at **Appendix 01**.

We continue to work with management in respect of reviewing

completed audit recommendations.

## 4 OPINION

### SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's internal audit needs have been covered to date.

### INTERNAL AUDIT OPINION

On the basis of audit work completed, our opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed.

### SPECIFIC ISSUES

No specific issues have been highlighted through the work undertaken by internal audit during the year.

### FRAUD & IRREGULARITY

Work was undertaken regarding an irregularity identified during the year at Beacon Park. Recommendations are in the process of being agreed by management to strengthen arrangements.

## APPENDIX 1

### CONSULTANCY & ADVICE

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters. During the period to 31 March 2022, the following was undertaken:

- Review of draft Contract Procedure Rules.
- Attending elections core meeting.
- NFI data match investigations.
- Review of legal arrangements around Fradley Challenge.
- Attending Staffordshire Counter Fraud Partnership.
- Fraud Awareness Week participation.
- Participating member at Discretionary Housing Panel Appeal.
- Consulting advice on External Funding Procedures.
- Protect and Vaccinate Assurance Review

### 5 FOLLOW UP

Internal audit follow up all high priority actions and those arising from no and limited overall assurance, manager's confirmation applies to the rest. There were ten high priority recommendations due to be followed up during the period, of which two were implemented (see KPI section 05).

Of those receiving a no or limited assurance opinion which require follow up, a summary of progress to date on these audits is given at Appendix 01.

Currently there are 107 outstanding recommendations at 31 March 2022, shown in the table below:

Action Priority Rating	Total Open Actions at 1 April 2021	Actions Raised Since April 2021	Total Overall	Total Closed out at 31 March 2022	Total Open at 31 March 2022	% Implemented in the period
High	10	0	10	5	5	50 %
Medium	67	45	112	44	68	39 %
Low	18	32	50	16	34	32 %

This is a positive direction of travel since our last progress report. Under the current system, all high recommendations are re-tested and 10% of medium and low priority actions are sample tested to confirm the accuracy of manager's confirmation. Actions sampled confirmed implementation. In total during the period we sampled 29% of recommendations closed down.

Of those audits receiving a no or limited assurance opinion which have been followed up, a summary of progress to date is given at Appendix 01.

At the last meeting of this committee, members asked for more detail in respect of how long recommendations were currently outstanding. Taking the 5 high priority recommendations, all recommendations are currently overdue.

Epayers/Income Management non compliance with Payment Card Industry Standards, originally implementation date 31 March 2017 and this date was revised to 31 December 2021. In respect of PCI DSS compliance we are 94% complete on being able to submit the outstanding self assessment questionnaire. The outstanding tasks require time from the service team to install a new monitoring agent from Evolve North and then to act on any vulnerabilities identified.

Cyber Security maintenance of patching services to software, original implementation 30 June 2020 and this date was revised to 30 September 2021. Patching arrangements are continually evolving over time and management review these arrangements regularly.

Property leases, maintenance of records, original implementation 31 August 2020, revised due date 31 July 2021. All leases have been followed up and are awaiting leases signature, or return from solicitor. There are 2 out of 5 leases outstanding, in one case the lease changed to a charitable status and they are awaiting registration to enable completion of documents.

A second property leases recommendation has been highlighted in respect of rent reviews. The original implementation date was 31 October 2020 and was revised to 31 July 2021. Of the original 6 rent reviews outstanding; 2 not reviewed due to Covid-19 and the future use considerations.

Procurement, non-compliance with the Transparency Code. Original implementation date 30 April 2021, revised to 31 December 2021. The Procurement Team have been proactively reviewing and managing the arrangements for procurement. New Contract Procedure Rules are now in place and were adopted in early 2022. Further adoption and inclusion of the Future Procurement Plan to be discussed at Cabinet in May 2022. In addition we also publish a contract register with current procurement contracts in place this will facilitate compliance with the Code.

05 PERFORMANCE OF INTERNAL AUDIT

**Compliance with professional standards**

We employ a risk-based approach in planning and conducting our audit assignments. Our work has been performed in accordance with PSIAS.

**Conflicts of interest**

There have been no instances during the year which have impacted on our independence that have led us to declare an interest.

**Performance of internal audit**

**Internal audit quality assurance**

To make sure the quality of the work we perform, we have a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

**Performance Measures**

- Complete 90% of the audit plan - **82%**
- 100% Draft reports issued within 6 weeks of start date – **40%**
- 100% Closure meetings conducted within 5 days of completion of audit work – **71%**
- 100% draft reports to be issued within 10 working days of closure meeting – **100%**
- 100% of all high priority actions are implemented at follow up – **20%**
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up – **100%**
- Achieve an average customer satisfaction score of 4 or more – **100%**
- Added value – **None quantifiable**

## APPENDIX 1

### APPENDIX 01: SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Debtors	Risk based review covering the adequacy and effectiveness of controls around debtors, including account set up / amendment, invoice requisitioning, invoicing, fees and charges and recovery. To accommodate the change to the new Civica Financials Live financial system.	Q3	Draft report issued	
	Assets & Inventory	Risk based review covering the adequacy and effectiveness of controls regarding the Council's assets and inventory.	Q4	<p>The asset and inventory system is designed well with controls in place to mitigate against the risks. Assurance can be given that the design of controls is adequate and the controls were found to be operating effectively.</p> <p>Departments maintain records of equipment required to carry out their functions, the Council Asset Register is maintained by the Financial Analyst. The Asset Register is updated annually, departments update their inventories at the time of any additions or disposals.</p> <p>The Insurance Officer ensures all assets requiring to be insured are recorded through liaison with Service Managers including Property Services and Finance. As part of the annual Statement of Accounts preparation the Financial Analyst notifies Service Managers of the assets recorded on the Council Asset Register for which they are responsible, requesting confirmation that these assets are still being held.</p> <p>Property is secured when not in use as</p>	 Reasonable Assurance H - 0 M - 2 L - 2

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>appropriate, vehicle compounds, keys locked in secure cabinets with portable or attractive items being either tagged or engraved. IT equipment tagged with pre-printed numbered tags that cannot be easily removed.</p> <p>Some areas for improvement were identified, Financial Procedure Rules referenced by Departmental Managers during the audit have been revised but Managers were working to previous versions. Verification of assets was not received from all managers at year end (it is acknowledged that the start of Covid-19 lockdown restrictions had an impact on this). Serial numbers were not recorded for all inventories. Daily checks and verification of equipment are being made but in some cases no permanent records are being kept or the verification is limited.</p> <p>The Rules do not require Departments to list as inventory where equipment is less than £1000. However there is significant amount of furniture, specialist work equipment i.e. cameras where it would be good practice to record and have awareness in case of loss/theft.</p>	
	Grants	Risk based review of the adequacy of controls surrounding grants awarded to the authority. To include compliance with accountable body agreements including arrangements for third party compliance where appropriate.	Q2	Grants made by the Council must be compliant with the Council's Guidance to External Funding and Finance Regulations. Whilst not all departments have a procedure/policy that has been approved by Cabinet, they do however have clear processes in place to ensure that all grant funding applications must meet the required criteria in order to be eligible for grant funding, applications. The grant fund application process	 <p>Reasonable Assurance H - 0 M - 2 L - 1</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>requires all organisations to provide appropriate information to ensure that value for money can be demonstrated. Appropriate monitoring information was held on file for all relevant organisations reviewed.</p> <p>Regular progress reports have been received from the contractors and reported to the Council and others as required (Salix).</p> <p>Payments made have been fully supported with authorised invoices/payment requests and have been made in line with contractual agreements. The Finance Department confirmed that all income and expenditure in relation to these grants have been correctly coded</p>	
	Council Tax	Risk based review of council tax including assurance over the adequacy of controls around the maintenance of systems recording taxable properties and liable persons, billing, discounts and reliefs, collection, refunds and write offs.	Q4	Audit allocated to TIAA Ltd – in progress	
Strategic & Operational Risks	Strategic Risk Register	Risk based review of the adequacy and effectiveness of the controls in place to mitigate the Council's strategic risks.	Q4	Draft report issued	
	Pandemic risks	'Flash' audits of dynamic risks arising from the Council's pandemic response. To include continuity and recovery arrangements, business grants, productivity and performance.	Q1-Q4	<p><b>Flash Covid 19 Risk Assurance - Governance</b></p> <p>Control measures to mitigate against the risk of potential governance failings arising from the Covid-19 crisis a year on from the start of the pandemic, were found to be adequate and effective. A number of good practice areas were noted:</p> <ul style="list-style-type: none"> <li>• The system implemented by the Authority for remote governance was in accordance</li> </ul>	 Substantial Assurance No recommendations

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>with the <u>Local Authorities and Police and crime Panels (Coronavirus) (Flexibility of Local authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.</u></p> <ul style="list-style-type: none"> <li>• <u>Remote meetings were set up quickly and effectively using Zoom US.</u></li> <li>• <u>A communications action plan to roll out virtual committee meetings was adopted.</u></li> <li>• Internal and external training was provided to staff and members providing an understanding of Zoom. The first live remote meeting took place on 5<sup>th</sup> May 2020 (Planning Committee).</li> <li>• ‘Virtual Meetings – Guidance and Tutorials’ procedure notes were created setting out meeting procedures (before and during), viewing meeting documents, voting and polling, etc. Additionally, reminder guidance is sent out to all Councillors prior to a meeting.</li> <li>• Urgent decision arrangements were in place and managed in line with the Constitution. There was one urgent decision in January 21 in relation to the award of grant funding.</li> <li>• Meetings are live streamed through Youtube. Social Media (Facebook and Twitter) was utilised to update followers of upcoming meetings including signposts to agendas and those who have subscribed to LDC’s Youtube Channel receive notifications.</li> <li>• From the 7<sup>th</sup> May 2021 traditional face to face meetings resumed. This has been reflected in the work undertaken by Health</li> </ul>	

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>&amp; Safety to ensure updated Government guidance is being met. E.g. Risk Assessments for all venues being considered for meetings. Hybrid meetings (live streaming of face to face meetings) are not yet set up but members of the public are now able to attend in public or review recorded meetings on Youtube.</p> <p>With the continuation of Council meetings occurring albeit in a pre-Covid format the following areas are suggested as a forward focus:</p> <ul style="list-style-type: none"> <li>• Covid specific risk assessments should be regularly reviewed and amended where new hazards are identified to ensure they are in line with Government Legislation.</li> <li>• Members have expressed a wish for continued virtual and hybrid meetings. The Council does not currently have the required equipment to facilitate hybrid meetings. On-going management of expectations around broadcasting meetings is one of the rising risks within the strategic risk register. Further progress should be made to implement hybrid meetings.</li> </ul> <p><b>Covid 19 Risk Assurance –Productivity</b></p> <p>Control measures to mitigate against the risk of productivity being adversely impacted by the Covid-19 crisis were found to be adequate and effective within IT, Joint Waste and the Housing service areas. A number of good practice areas were noted:</p>	<div style="text-align: center;">  </div> <p>Substantial Assurance No recommendations</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<ul style="list-style-type: none"> <li>• A suite of KPI's for each service area is monitored and reviewed on a regular basis by managers. During the lockdown Housing showed a peak in B&amp;B use due to government requirements for rough sleepers to be off the street and a temporary closure of accommodation. IT had an increase of work requests through their service desk.</li> <li>• Performance and Development Reviews (PDR's) continued to be completed and were 80% for both the Corporate Services and Regulatory, Housing and Well-being service areas. However completion for Joint Waste was limited (25%) due to Covid and the requirement for 'Bubbles' for crew members.</li> <li>• Housing monitor officer caseloads and productivity through their database reporting function and produce quarterly government returns.</li> <li>• Performance of service areas has been managed by weekly reporting and monitoring. This is completed via Leadership Team Meetings with updates / issues discussed. Regular meetings are held within teams to discuss workload, wellbeing and duties.</li> <li>• Service delivery has been maintained coupled with Covid specific tasks i.e. reducing crew sizes (bubbles) in Joint</li> </ul>	

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Waste to minimise interactions and for Housing, a telephone was provided to rough sleepers without internet/ telephone access to enable a telephone interview. For IT the rotation of on-site and off-site staff was consciously chosen to provide resilience.</p> <ul style="list-style-type: none"> <li>• Covid-19 has accelerated the pace of change with ICT Services implementing new systems and features to support remote working i.e. MS Office 365 and moving to the cloud.</li> </ul> <p>Whilst the Covid Pandemic continues and there remains a revision to working practice, a forward focus is suggested on lessons learned to ensure service delivery is maintained and productivity is managed effectively with KPI's continuing to be reviewed. Additionally, 1-2-1's and weekly Teams meetings will ensure productivity is maintained. PDR's which provide the opportunity of communication between managers and employees should be fully completed, particularly for Joint Waste where the restrictions have previously prevented this occurring.</p>	
	Replacement Financial System	Programme assurance based review of the replacement financial system programme to Civica Financials Live. To include income management system replacement. Programme assurance includes programme planning, governance structure and	Q4	Throughout the review there is evidence that the project risks were well managed and where issues were identified these were promptly resolved. A full project management framework was in place and the Project Initiation Document (PID) was fully developed and maintained. In addition, a full and comprehensive post implementation review has	 <p>Substantial Assurance H - 0 M - 0</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.		<p>been completed. The development fully complied with the Council's Procurement policies and regular project boards were evidenced by the retention of minutes and highlight reports. A full trail of issues during the system development was maintained and an effective training plan developed. During the project it was identified that further training days would be required and these were implemented.</p> <p>User expectations were managed effectively and the PID showed clear project definition requirements and users were involved at all stages. Any issues identified were logged and actions recorded and signed off appropriately. There were however no user satisfaction surveys completed and this is felt to be a minor weakness in the processes.</p> <p>The post implementation review fully identifies the issues identified during the project and the resolutions taken.</p> <p>Project costs were actively managed and reviewed. The budget for implementation was set at £300,000 and this included a contingency fund. In total as at December 2021 the project total spend equated to £219,050 and the project is within budget.</p>	L - 1
	Payroll transition	Assurance based review on the effectiveness of payroll controls following the transition from Stafford Borough Council to Stoke City Council, the new payroll agency provider.	Q3	Draft report issued.	
	Development Control (Planning)	Risk based review of systems of internal control for planning (using CIPFA control matrices), to include	Q2	The Development Management (Planning) System is designed with controls in place to mitigate the major risks and were found to be adequate and	

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		applications, appeals, fee management. Audit carried forward from 2020/21.		<p>effective.</p> <p>There are documented procedure notes that are available to staff and a suite of planning information accessible on the Council's website to residents. Planning applications are available to view on the Council's website, also providing opportunity for residents to comment on an application. Testing noted that officers pro-actively seek views through requesting feedback from statutory consultees, neighbours, placing of site notices or media advertising. The Uniform system is pre-populated with required consultees however spatial attributes require reviewing separately for instance, on Easytrees and Local View with the technical officers having to choose relevant consultees. The aim is to pre-populate spatial information onto Uniform.</p> <p>Decisions are independently reviewed by a more senior officer and the applicant/agent is notified electronically, the decision also uploaded to the website through Public Access. Appeals are received on notification from the Planning Inspectorate. The Council is required to provide information within set timescales. Testing confirmed the process had been followed. When an appeal decision is received it is distributed to all planning staff for discussion and a change of process would be introduced, if required.</p> <p>A review of new starters noted that qualifications are sufficient for the role and that detailed training is provided. The employee will follow the Council's Learning Passport or a specific accelerated training plan aimed for technical officers.</p> <p>For both applications and pre-applications, the correct fee had been received. Income is monitored through monthly meetings between the</p>	<p>Reasonable Assurance</p> <p>H- 0</p> <p>M- 5</p> <p>L- 2</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Planning Development Manager and the Accountant. Planning fee income is reported to Cabinet through the Money Matters reports. There are 4 KPI's that are updated quarterly (the latest being May 21). Performance is also reported through National Indicators to the Ministry of housing, communities and local government (MCHLG). A suite of monitoring information is also available through Enterprise. Target timescales are monitored and the system can also be used to monitor individual officer's case load and performance.</p> <p>Some weaknesses in control were found in the achievement of targets set for pre-applications and planning applications. The KPI's are currently not reported internally and the service plan (2021/22) which includes KPI's and risks, is not yet finalised. There are functionality weaknesses with the IT supporting systems. Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	
	Shared Services	Risk based review of controls in place for effective delivery of shared services e.g. waste management, legal services, building control, internal audit.	Q2	<p><b>Joint Waste</b></p> <p>A Joint Waste Service Committee Constitution provides the overarching agreement which sets out objectives, roles and responsibilities, delegations and governance arrangements for the joint waste service committee. A business plan including actions, risks, staffing and finances was produced in 2018/19. The Staffordshire Waste Partnership (of which both Councils are part) has a joint strategy covering all the districts, County Council and Stoke.</p> <p>Financial information is collated by LDC and meetings are held between the accountants at both authorities and budgets are monitored and</p>	<div style="text-align: center;">  <p>Reasonable Assurance H- 0 M- 5 L- 1</p> </div>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>discussed with the General Manager and the Chief Waste Officer (Chief Executive) at TBC. Liaison is on-going between the LDC and TBC through email/ telephone and there is an awareness of incidents in real time. Regular meetings are in place should there be fundamental service changes, both Councils are involved. Feedback from users is received through 'Your views and feedback' and are recorded on pentana. A review showed 5 complaints since April 2021. LDC host the Joint Waste Service and through discussions with officers at TBC (Chief Waste Officer, Customer Services and Accountant) it was evident that there is a good working relationship in place. Comments from TBC confirm that they are aware of the current state of service provision, are engaged in service development, performance and operation. Regular updates are received and staff are involved. It is a true joint service.</p> <p>Some weaknesses were noted, although a Constitution is in place the governance arrangements in terms of the frequency of the joint waste service committee meetings is not being followed. A revision is required where there is reference to the Memorandum of Agreement which is not in place.</p> <p>A business plan and rolling annual action plan have not been produced since 2018/19 and there is no formal year end review of performance against KPI's, action status, finance etc. Service level agreements are not in place with transportation, finance or policy/ education. Risks are identified but are not regularly reviewed. Formal meetings are not minuted.</p>	

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p><b>Legal Shared Services</b></p> <p>The Shared Service - Legal System is designed with controls in place to mitigate the major risks and were found to be adequate and effective. A comprehensive formal agreement is in place, which sets out the scope of services, the cost and contributions of each council, the Governance Arrangements and the Terms of Reference of the board. Board meetings are held regularly between the 3 members. Details of the service and instruction forms are available to staff on the intranet. A review of the first year of the service has been completed by the 3 Councils.</p> <p>During 2021 there has been a large turnover in solicitors with current vacancies. Demand for urgent cases and planning advice has increased and the service may not be sustainable with the current resource available. Staffing issues have been discussed by all 3 Councils and an additional charge has been requested to recruit further solicitor resource and a Paralegal has been employed from unspent external lawyer costs. At LDC a funding bid has been requested and the capacity and resilience concerns have been discussed at Leadership Team with options being considered.</p> <p>Some weaknesses were noted in relation to the use of instruction forms and their counter-signing. Indicators should be introduced and further information on case status received to monitor the performance of the service. Performance monitoring would also be enhanced through pro-actively requesting customer feedback. The guidance on the intranet would benefit from a review to reflect current practice. Finally future reviews of the service should be discussed at</p>	 <p>Reasonable Assurance H-0 M-4 L-4</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				Leadership Team. Implementation of the recommendations in the action plan will enhance arrangements and address these risks.	
	Elections	Risk based review of elections processes and in particular financial returns.	Q2	Due to Peer Review and structural changes, move to plan for 2022/2023.	
	Climate Change	Risk based review looking at the Council's preparation to de-carbonisation / climate change agenda.	Q3	Audit allocated to TIAA Ltd. Deferred to 2022/23.	
ICT	IT Microsoft 365	A risk based review IT applications hosted in cloud together with One Drive storage		<p>M365 comes with a comprehensive range of security and compliance functionality, as would be expected from a leading cloud platform. Setting up security is an important part of moving to M365 cloud services and ICT were supported with the migration by a third-party with specialist skills and expertise in this area.</p> <p>A number of M365 areas are configured well for security, although we have identified opportunities to further enhance security in certain areas. For example, Multi-Factor Authentication (MFA) is implemented for the majority of users but a small number remain for whom MFA is not currently in place. For these users, there is a risk that their accounts could be compromised in a phishing attack. We also found that some ICT staff and third-party users have administrator level access when it is no longer required.</p> <p>Application level security can be improved with some relatively straightforward configuration changes and some of these were made at the time of the audit.</p> <p>User and administrator activity in M365, including mailbox auditing, is recorded in the audit log and the ICT Manager and Information Manager receive</p>	 Reasonable Assurance H-0 M-7 L- 9

**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>weekly reports on “risky sign-ins” as well as changes to roles to ensure no one is improperly added to an administrative role. Audit log data is currently only retained for the default period of 90 days and ICT are reviewing options to increase this in order to comply with PSN and PCI DSS (Payment Card Industry Data Security Standard) requirements.</p> <p>Data retention policies need to be configured on SharePoint, Email and on OneDrive when it is implemented to ensure compliance with agreed retention periods.</p> <p>Our testing confirmed that security policies are configured to prevent unauthorised access to data held on mobile devices.</p>	
ICT	Website Management and Security	A risk based review of the management and security of the Council’s website.	Q2-4	<p>The main corporate website is managed and maintained by ICT, who have a designated Web Master role. There are also a number of secondary websites and some of them are managed directly by service areas. Requiring service areas to consult with ICT before commissioning a new website or significantly re-designing an existing one, will help ensure that corporate standards and legislative requirements are adhered to. The corporate website is externally hosted and users have to enter a valid username and password to manage content. The current password length is inadequate and implementing multi-factor authentication, when it is available, will further enhance security controls. It was confirmed that the ability to publish content on the corporate website is limited, as is system administrator level access.</p>	 <p>Reasonable Assurance H-0 M-7 L-6</p>

**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>All changes to web content are logged so that you can see who made the change and when. The main website has a Privacy Notice and Accessibility Statement, although our sample testing found that these are not available on all secondary websites. A security penetration test of the corporate website was undertaken when it was launched in 2018 but no further tests have been performed. A formal contract extension has also not been signed with the third-party, Jadu Limited, who support the Content Management System. Jadu Limited are responsible for taking backups of the website and these responsibilities are defined in the contract. However, no formal recovery testing has been performed to confirm the backups are reliable.</p>	
ICT	Remote Access - Additional work to the originally agreed plan.	A risk based review of the management of remote working arrangements.	Q3	<p>The Cisco AnyConnect VPN (Virtual Private Network) remote access service supplied by Staffordshire County Council (SCC) is reliable and has not been the subject of any reported issues by users. However, we found that the contract with SCC from 2011 has not been signed by either party and further identified that it does not cover the VPN service. Consequently, the Council would not have any formal redress in the event of any performance related issues with this service. The Always On VPN service is managed by ICT. We examined the VPN and confirmed that it is monitored by ICT however improvements were identified. A review of the VPN's processing and memory usage found that both are reasonable and are not being over utilised or near their capacity limits. ICT are planning to move the VPN onto a server platform and provides resilience to current systems.</p>	 <p>Reasonable Assurance H-0 M-3 L-4</p>

## APPENDIX 1

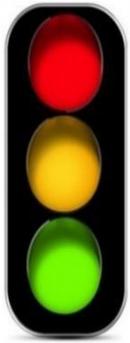
Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>All connectivity issues reported by users are logged on the service desk system. ICT have looked into the issues. It is difficult to know the total number of issues reported by users as there is no remote access category on the service desk against which they can be logged.</p> <p>Users experiencing issues with the Always On VPN should be temporarily migrated onto Cisco AnyConnect to see if their issues continue. Doing this will help the fault finding process and identify if the issues are with client side computing or the Always On remote access system itself.</p>	
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement	Q3	Work completed and assurance statement finalised and submitted to Staffordshire County Council	Complete
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	Q3	Work completed.	Complete
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4	Ongoing	
	Annual Audit Opinion	Production of the Annual Audit Opinion.	Q2		
	Management and Planning	Management, planning and assurance reporting to Leadership Team and Audit & Member Standards Committee.	Q1-Q4	Ongoing	
	Ad hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	Q1-Q4	Ongoing	
	Risk Management	Supporting the Council's risk management systems.	Q1-Q4	In progress and continuing, see Risk Management report at this Committee.	
	Election Support	Support to May 2021 Elections	Q1	Complete. Auditors provided support to the May 2021 Elections across a number of roles.	

## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Follow up all no and limited assurance reports and all high priority recommendations.	GDPR	Limited Assurance Follow up	Q1	A third follow up audit has now been undertaken and the full follow up audit report was issued to accountable officers and members of the Committee on 20 May 2021. In summary: Of the 2 outstanding actions (1 high and 1 medium). It can be confirmed that 1 has now been fully implemented with the remaining 1 (1 high) partially implemented.	 Substantial Assurance
	GDPR	Limited Assurance Follow up	Q2	A fourth follow up audit has now been undertaken and the full follow up audit report was issued to accountable officers and members of the Committee on 18 October 2021. All recommendations have now been implemented.	 Substantial Assurance
	Procurement	Limited Assurance Follow up	Q1	Originally 9 recommendations were made, 8 of which were agreed to be implemented by management. The findings of the follow up review show 5 of the recommendations have been implemented and 3 have been partially implemented.	 Reasonable Assurance
	Beacon Park	Limited Assurance Follow up	Q1	Originally 4 medium risk recommendations were made. The findings of this follow up review show 3 of the recommendations have been implemented, with 1 not implemented.	 Reasonable Assurance

Appendix 02: ASSURANCE AND RECOMMENDATION CLASSIFICATIONS

Overall Audit Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation’s objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation’s objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation’s objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Priority	Definition
	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation’s exposure to risk.