

# INTERNAL AUDIT QUARTER 3 PROGRESS REPORT



## Cabinet Member for Finance & Commissioning

Date: 02 February 2023  
Agenda Item: .....  
Contact Officer: Andrew Wood  
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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 Quarterly Progress Report for the quarter ending 31 December 2022 (**Appendix 1**).

### 2. Recommendations

- 2.1 To note Internal Audit's Quarterly Progress Report, including results for the quarter to 31 December 2022.

### 3. Background

- This report comprises Internal Audit's progress report for the period to 31 December 2022 (to Quarter 3) (**Appendix 1**).
- To inform this process the quarterly progress report contains a profile of the audit plan and the number of completed audits.
- Quarter 3 audit work performance has identified that 45% of the Audit Plan has been completed against profiled completion of 85%.
- The Audit Plan continues to be reviewed and takes into account the maintenance of audit standards and compliance with Public Sector Internal Standards requirements it is anticipated that that we will complete 90% of the plan by 31 March 2023 as shown below:

	Q1	Q2	Q3	Q4
No of planned audits	4	6	7	3
Cumulative	4	10	17	20
Profile %	20%	50%	85%	100%

No of audits completed	2	3	4	
No of audits projected				9
Cumulative	2	5	9	18
Profile	10%	25%	45%	90%

- Appendix 1** details the current position with each audit, those allocated to BDO/IT Auditor and current progress i.e., briefing and scoping completed and fieldwork started with anticipated start dates with a summary in the table below:

Audit	Contact	Auditor	Status
Strategic Risk Register	Leadership Team	LDC	In progress
Agency Staff	Christie Tims/ Sam Mills	LDC	Scope meeting held 12 January
PCI DSS	Ian Edwards/ Lizzie Barton	E-tec	Planned start date February 2023
Elections	Christie Tims/ Sarah Pearce	BDO	Planned start date was 3/1/23, rescheduled opening meeting for 13/1/23
Housing & Council Tax Benefit	Nicki Begley	BDO	Planned start date 20/2/23
Climate Change	Kristie Charlesworth	BDO	Planned start date 6/2/23
EH Food Inspections	Lorraine Chapman	BDO	Field work started 13/12/22
Allocation of Awards/ Planning Obligations Section 106	Lauren Lymer	BDO	Planned start date March 2023
Development management performance	Claire Billings	BDO	Planned start date March 2023
Project Management – Being a Better Council	John Smith	BDO	Planned start date 26/1/23
<b>Number in Progress</b>	<b>10</b>		

- It is anticipated that due to issues identified during the year and a request from management that we will roll the licensing audit to 2023/24 and undertake a review of agency recruitment during 2022/23.
- The Audit Manager will work with senior management and continue to review current work plans to ensure that 90% completion of the audit plan against target is achieved and will provide updates to Committee and liaise with the Assistant Director Finance & Commissioning (Section 151).
- At the conclusion of Quarter 3 and in preparation for the Audit Plan for 2023/24 a review of current resourcing has been undertaken. In discussions with the Section 151 Officers from Lichfield and Tamworth it was agreed to look to enter into further contracts with our current providers for a further year. 2023/2024. The contract with E-Tec Business Services has provision for an extension of 1 year for 2023/2024 and in conjunction with Procurement we are looking to extend under the terms of the current agreement. BDO are currently utilised via a NHS Framework Agreement and in a similar fashion Procurement are currently investigating the possibility to extend this contract also for 2023/2024. The early adoption of these contracts will allow the Audit Plan for 2023/2024 to progress as from 1<sup>st</sup> April 2023 and the delays replicated in 2022/2023 will be avoided.
- **Appendix 1** also contains analysis of currently outstanding high priority audit recommendations. It should be noted that as at 31 December 2022 we have 8 high priority recommendations currently outstanding an increase of 3 from 30 September 2022. It should be noted that the increased number of recommendations is due to the finalisation of audits and inclusion of these recommendations in the figures. Whilst there are 8 recommendations outstanding, 2 were not due. Of the remaining 6 progress is being made by management to bring these into conclusion. The Audit Manager and Principal Auditor will work with management to ensure these recommendations are progressed. **Appendix 1** also includes an analysis of recommendations outstanding raised by financial 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.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
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
B	Failure to complete the Audit Plan for 2022/23 due to organisational change and management vacancies. Leading to the failure by Audit Manager to provide an audit opinion at the end of financial year.	Likelihood: Yellow Impact: Red Severity: Red	Regular management meetings with Section 151 Officer to discuss plan arrangements.  Review of Audit Plan and reporting of material changes to Senior Management and Audit & Member Standards Committee.	Likelihood: Green Impact: Yellow Severity: Yellow

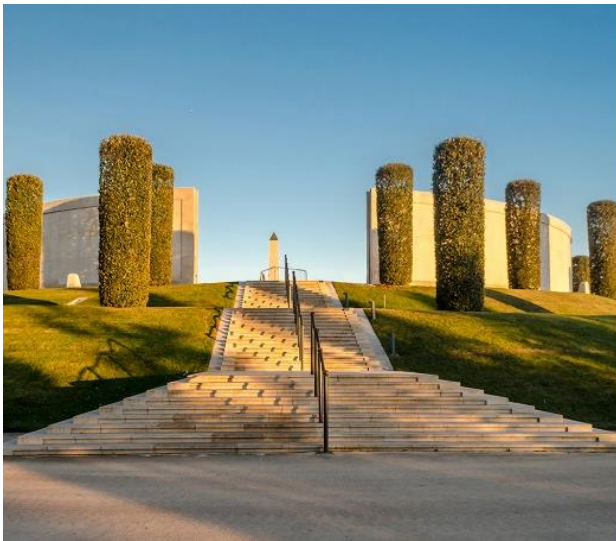
Background documents	Audit Plan and Charter approved by Audit & Member Standards Committee 20 April 2022.
Relevant web links	





Appendix 1

Internal Audit Progress Report (To Quarter 3)  
January 2023



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### **01 Introduction**

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### **05 Performance of Internal Audit**

### **Appendices**

### **01 Summary of Internal Audit Work Undertaken**

### **02 Assurance and Recommendation Classifications**

If you have any questions about this report, please contact Andrew Wood, Audit Manager [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.

## 01 INTRODUCTION

### BACKGROUND

This report summarises internal audit activity and performance for the period to 31 December 2022.

### SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations 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 progress report and 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 internal 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 Leadership Team, service managers and other staff throughout the council for their help during the period.

## 02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2022/23 was approved by the Audit & Member Standards Committee in April 2022. The plan is for a total of 20 audits.

Much of quarter 3 work has been centred on procuring general auditor services, organising and implementing audit plan and provision of assurance services in terms of business grants and other ad-hoc work as identified below. Performance indicators (Section 05) show that we have completed 45% of the audit plan (against a profiled 85%). As outlined previously to committee we have now procured the services of BDO for the completion of general audit work. BDO are progressing with the allocated audits for 2022/2023 and these are progressing. A profile is shown below;

	Q1	Q2	Q3	Q4
No of planned audits	4	6	7	3
No of audits completed	2	3	4	-
Cumulative	4	10	17	20
Profile %	22.5%	50%	85%	100%

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

## 03 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 during the period.

## **FRAUD & IRREGULARITY**

One matter of fraud or irregularity have been reported during the year. Also see the fraud update on this Committee's agenda.

## **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 December 2022, the following was undertaken:

- Attending homelessness review panel
- Review of changing place agreement
- Review of external funding procedures
- Consultancy on Energy Rebate process
- Test and Trace assurance statement
- Protect and Vaccinate assurance statement
- Beacon Park Investigation Internal Audit Report
- Audit work on Lichfield BID
- Assurance work on Flood Resilience grant claim
- Consultancy on community courses and cash
- Public Land

## **04 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 five high priority recommendations due to be followed up during the period, of which none were implemented (see KPI section 05).

There were no limited or no assurance audits to follow up during the period.

Currently there are 156 outstanding recommendations at 31 December 2022, shown in the table below:

Action Priority Rating	Total Open Actions at 1 April 2022	Actions Raised Since April 2022	Total Overall	Total Closed out at 31 Dec2022	Total Open at 31 Dec 2022	% Implemented in the period
High	5	7	12	4	8	33%
Medium	68	35	103	13	90	13%
Low	34	32	66	8	58	12%

Following comments received from Audit & Member Standards Committee the Audit Manager reports monthly to Leadership Team regarding the currently outstanding audit recommendations. As part of the reporting we include management comments in relation to the high priority audit recommendations. As at 31 December 2022 and reported to Leadership Team, the latest position regarding high priority recommendations is contained in the table contained in **Appendix 02** of this report. This additional information contains graphical representation of the numbers of outstanding audit recommendations over time.

## 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 any 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% (profiled 85%) of the audit plan – 45%
- 100% Draft reports issued within 6 weeks of start date -71%
- 100% Closure meetings conducted within 5 days of completion of audit work - 86%
- 100% draft reports to be issued within 10 working days of closure meeting –86%
- 100% of all high priority actions are implemented at follow up - 44%
- 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% (10 issued 7 returned)
- Added value – Annual measure

## APPENDIX 01: SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Procurement	Risk based review covering the adequacy and effectiveness of controls around procurement systems in place across the council, including the work of central Procurement Team and departments.	Q3	<p>The procurement 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>There is a procurement strategy 2020 – 2024 that was approved in December 2020. The strategy includes objectives to achieve the aim, an action plan and how this is monitored. There is a future procurement plan which identifies current contracts that are due to expire. A procurement initiation plan which through testing noted that these had been completed and were appropriately approved.</p> <p>Training was provided to staff in 2019 and 2020 and it is planned that the procurement team will be hosting quarterly 'Keeping in Touch' sessions to advise on contract procedure rules, procurement pathways and contract monitoring.</p> <p>Performance is monitored through Key Performance Indicators including strategic, financial, operation and compliance. Performance is reported to Leadership Team through procurement updates and to Cabinet six monthly through procurement matters updates, the latest being June 2022. Waivers to contract procedure rules are recorded on an exemptions log with an accompanying form detailing the reason and approval. Testing noted that exemptions had a corresponding form which was correctly approved.</p>	 <p>Substantial Assurance</p> <p>H-0 M-2 L-2</p>


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Exemptions are reported annually to Audit and Member Standards Committee, the latest being July 2022 where 41 exemptions were raised during 2021/22, currently 16 during 2022/23.</p> <p>Procurement pathways are detailed in the contract procedure rules and testing of sample confirmed compliance.</p> <p>There is a contract register held on Proactis until 3 months after the expiry. The register is accessible to the public through the Council's website. Testing confirmed that contracts are uploaded to the register. The system can provide reports of contracts by expiry date providing a trigger for the procurement team to include on the future procurement plan.</p> <p>Some areas for improvement were identified. It should be evidenced that any conflicts of interest are considered, a checklist to be introduced for each procurement to ensure all requirements of the pathway have been completed, new starters should be provided with procurement guidance and the contract procedure rules should be easily accessible on the website.</p>	
	NNDR	Risk based review of NNDR including assurance over the adequacy of controls around maintenance of systems, recording of data, RV reconciliation and billing/discounts and reliefs.	Q2	In progress – fieldwork completed	
	Housing & Council Tax Benefit	Risk based review of the adequacy of controls surrounding awarding of Housing & Council Tax Benefits to	Q2	Audit scoped and briefed by BDO. Scheduled to March to capture the new CTRS billing.	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		ensure with the correct assessment and awarding of benefit.			
	Allocations of Awards/ Planning Obligations Section 106	Risk based review of systems in place for the allocation of funding via Section 106 and the compliance with planning obligations.	Q4	Audit scoped and briefed by BDO. Scheduled to March 2023.	
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.	Q1-Q4	Audit scoped and fieldwork commenced.	
	Project Management – Being a Better Council	Programme assurance based review of project management arrangements in place for the delivery of BABC themes and projects. To review methodology used and controls to ensure project delivery.	Q1-Q4	Audit scoped and briefed by BDO	
	Safeguarding	Risk based review of safeguarding arrangements. To review the controls in place and ensure compliance with these controls. Scoping and brief to be discussed and agreed with Safeguarding lead.	Q2	Draft Report	
	Housing Applications	Risk based review of housing applications. To include the review of applications made and ensuring compliance with agreed controls.	Q3	The Housing Allocations system is designed with controls in place to mitigate the major risks. There is a clear Allocations Scheme in place which was approved in December 2020 by Council. The scheme was fully implemented in March 2021 when the Council took over administration of the housing register. The scheme is available on the Council's website. There is also guidance on the	 Substantial Assurance H-0 M-1 L-3


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>website for the applicant as an aid to complete the application process.</p> <p>Housing applications are evaluated and are awarded a band/ bedroom assessment. Those that do not qualify are written to and provided with a reason why and referred to the review procedure. Lichfield District Homes has been pre-set with circumstances which allocate banding based on the information input from the application form. There are checklists and a back-office process to verify evidence has been provided and the banding decision is accurate. Testing confirmed that banding/ bedroom need allocated was correct according to the scheme and the checklists had been completed.</p> <p>Applications are subject to an annual review where any change of circumstances can be provided. Where a review is not completed following two automated emails, the application is closed.</p> <p>Verification / management checks are undertaken within the housing allocations team. Monthly checks had been completed to October 2022.</p> <p>Bid shortlists are produced from Lichfield District Homes and testing confirmed that applicants are offered the property in line with the allocations scheme.</p> <p>Performance Indicators are monitored on the corporate system and are reported to</p>	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>management. Indicators had been calculated to the end of September 2022.</p> <p>Some minor areas for improvement were noted during the audit, including updating the acceptance letter to include reference to the review process for banding/ bedroom need assessment and issuing a new letter for a change in need. The Annual lettings plan and the review of the allocations scheme performance should be completed.</p>	
	Environmental Health – Food Inspections	Risk based review Environmental Health – Food Inspections. To include the review of compliance with national guidelines and legal requirements. To ensure that appropriate arrangements are in place for the inspection of food premises within the District.	Q3	Audit scoped and briefed by BDO. Fieldwork commenced.	
	Licencing – ex Taxi (other)	Risk based review of controls in place for effective delivery of Council Licencing arrange	Q4	<b>This is being substituted with Agency Recruitment</b>	
	Development Management Performance	Risk based review of Development Management Performance to include system based review of new systems.	Q4	Audit scoped and briefed by BDO.	
	Elections	Risk based review of elections processes and in particular financial returns.	Q1	Audit scoped and briefed by BDO.	
	Climate Change	Risk based review looking at the Council's preparation to de-carbonisation / climate change agenda.	Q2	Audit scoped and briefed by BDO.	


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
ICT	Data Protection / GDPR	Risk Based review on Council's Data Protection and GDPR compliance	Q2-4	<p>The council has a registration with the ICO which expires in February 2023. There is a documented Data Protection Policy, although we found that the version published on the Intranet is dated May 2018. The policy was reviewed in 2020 but this version has never been published. A GDPR retention schedule is published on the Intranet, but it is incomplete and there are no procedures for ensuring it is followed within service areas. The council buy a Data Protection Officer (DPO) service from South Staffordshire Council, which in practice is a high-level specialist advisory service. There are plans to bring the service in-house as part of the new target operating model and we believe this will help improve the Data Protection compliance regime with greater ownership at a local level. Service level roles and responsibilities need to be identified to support the DPO function. Staff are required to undertake mandatory training on GDPR, however, it is not refreshed annually and we identified new starters who have not completed it.</p> <p>An information audit has been performed to identify all processing of personal data but records are incomplete and not maintained/up-to-date. Documenting and maintaining details on processing activities is mandatory under the accountability principle of UK GDPR.</p> <p>We have reviewed the privacy notices published on the corporate website and on various data collection forms and confirm they satisfy UK GDPR requirements, with minor exceptions.</p>	 <p>Limited Assurance</p> <p>H-3 M-8 L-5</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				There are documented procedures for managing the rights of individuals and for dealing with data breaches. There are minor weaknesses in both areas, such as some key details not being logged and procedure documents not being reviewed. Data Protection Impact Assessments (DPIA's) are performed and reviewed by the DPO. However, we found they are not formally signed off, monitored or held in a central location.	
	PCI DSS	Assurance review of PCI DSS compliance		Audit scoped and briefed, fieldwork to begin February 2023.	
	IT System Security	Risk based review of Council systems to ensure preparedness and responsiveness to both internal and external threats to the Council's IT infrastructure		<p>Digital systems and data need to be secured and protected from the ever increasing and changing cyber threats that all organisations face. This review has identified a number of areas where ICT Services have good IT security controls. However, we have also identified weaknesses which should be addressed to improve the overall level of security in place and reduce the risk of a cyber-attack.</p> <p>There are dedicated firewalls at all external gateways. A review of the firewall at the gateway with Staffordshire County Council, which provides Internet access, identified some weak security configurations and limited alerting of security related events.</p> <p>Anti-malware tools are deployed on clients and infrastructure to protect against threats, including ransomware. The tools are configured for a detailed level of scanning, although we found there is no periodic review to confirm that all endpoints have the latest updates and no errors or issues. All</p>	 <p>Reasonable Assurance H-2 M-7 L-12</p>


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>emails are scanned for malware using a separate tool deployed on the email gateway.</p> <p>Members of the IT team have separate accounts for standard and administrator access, in accordance with good practice. However, there are an excessive number of accounts with domain-wide administrator access and the principle of 'least privilege' is not followed.</p> <p>A password policy is enforced on the network which requires all users to periodically change their passwords. This policy should be reviewed in light of guidance from the National Cyber Security Centre (NCSC) which states that expiring passwords actually weaken security. A quarterly review to identify all redundant accounts should also be introduced.</p> <p>A third-party has recently been commissioned to perform a quarterly scan for security vulnerabilities but there is no formal remedial action plan to address any of the vulnerabilities identified. We also found that a small number of critical and high risk vulnerabilities reported in the 2021 IT Health Check remain outstanding.</p> <p>There is regular security patching of all clients and infrastructure. There is a weekly report on the patching of infrastructure and an equivalent monthly procedure should be implemented for client patching.</p> <p>A number of control improvements are required to demonstrate compliance with Department for Work and Pensions security standards, specifically in regard to robotic services.</p>	


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	IT Disaster Recovery	Risk based of Council's Disaster Recovery arrangements		Draft Report	
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement	Q3	Work completed and Assurance Statement submitted	
	Covid Grant assurance	Assurance work on Covid-19 grants	Q1 and Q2	<p>The system for payment of Covid-19 related business grants was found to be robust. A number of good practice areas were noted:</p> <ul style="list-style-type: none"> <li>• For each grant a policy was developed which was available to applicants. The policy included the background for the grant with the link to government guidance and eligibility criteria.</li> <li>• Grant schemes were published on the Council's website, social media and direct correspondence to businesses.</li> <li>• Application was via an on-line form which included the required information to confirm eligibility. The application forms were downloaded into a spreadsheet for monitoring and processing.</li> <li>• Evidence was provided, such as financial accounts to verify loss of income/ profit.</li> <li>• Internal checks of eligibility were undertaken against the Council's business rates system to verify rateable values.</li> <li>• Checks were undertaken by the Economic Development Officer and also the Business Analyst (Finance). Anti-fraud/ corruption measures were undertaken using 'Spotlight' the government tool used to</li> </ul>	 <p>Substantial Assurance</p> <p>No recommendations</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>assess grant applicants. Internal assurance/ pass/ fail checks were undertaken.</p> <ul style="list-style-type: none"> <li>• For the High Street Business Growth Grant, a confirmation of the grant awarded was sent to the applicant. The letter was signed by the applicant as agreeing to the terms and conditions.</li> <li>• A grant checklist (High Street Business Growth) was completed and signed as approved by the Interim Director – Economic Growth and Development.</li> </ul> <p>Of a random sample of 3 grants awarded, testing noted the following:</p> <ul style="list-style-type: none"> <li>- Additional Restrictions Grant (High Street Business Growth Grant). A grant application had been revised and additional money had been requested towards the project. A revised grant checklist had not been completed to confirm approval by the Interim Director, Economic Growth and Development. In addition, an invoice had not been received (one month) after the second payment had been made. The invoice confirms that the grant money had been spent in line with the project application.</li> <li>- Additional Restrictions Grant (greater than 51,001). No exceptions.</li> <li>- Additional Restrictions Grant (Leisure and direct supply chain). No exceptions.</li> </ul>	


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	Q4	Work completed and assurance statement submitted	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	
	NFI	Compliance with and review of data matches	Q1- Q4	In progress	
Additional Assurance Reviews requested by management	Protect and Vaccinate	Assurance review to enable sign off by the Chief Executive and S151 Officer		Work completed and assurance statement submitted	Complete
	Test and Trace	Assurance review to enable sign off by the Chief Executive		Work completed and assurance statement submitted	Complete
	Flood Resilience Grant Scheme	Assurance review to enable sign off by the S151 Officer		Work completed and assurance statement submitted	Complete
21/22 Planned Audits finalised	Payroll	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.		Overall, the audit confirmed that payroll transactions at the Council are being processed accurately, efficiently and with the correct authorisation. The following areas of good practice were identified during the course of the audit:	 H-0 M-2

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<ul style="list-style-type: none"> <li>• Systems validations are in place to ensure all input data is complete.</li> <li>• Records of hours worked and allowances paid are properly certified prior to payment.</li> <li>• BACS payments are authorised by Finance.</li> <li>• There is adequate budget monitoring by Finance and budget holders.</li> <li>• Robust access permissions have been established to prevent unauthorised access within the system.</li> <li>• Via the SLA with SCC adequate contingency arrangements are in place to ensure continuity of payroll.</li> <li>• The Council maintains a Retention of Documents Schedule which clearly lays out both the period of retention and the reason why, i.e. Legal, Audit, Commercial.</li> </ul> <p>Some areas for improvement were identified. The checklists which provide guidance for payroll processing tasks require updating with reference to the new system. Variations to payroll data are processed by the Senior HR Advisor who also checks and confirms all transactions have been correctly actioned, no other officers are involved to provide segregation. Additional training should be provided to other HR officers in the absence of the Senior HR Advisor. The View Leaver Report run within MyView did not list all leavers, this could be a software or training issue.</p> <p>Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	<p>L-2</p> <p>Reasonable Assurance</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	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.		<p>The Debtors System is designed with controls in place to mitigate the major risks and which were found to be adequate and effective. Civica Financials was introduced in October 2021. Training was provided to staff and a suite of guidance notes developed. Testing noted that invoices raised were agreed back to source documentation, including Service Level Agreements, Leases, Price lists etc. Invoices, credit notes and refunds were independently requested and processed by the Corporate Recovery Team. There had been no write offs processed since October 2021. Income received through the E-payments system had been correctly and promptly allocated against the debt. A review of the suspense account noted a current balance of £1220.23 relating to 5 recent receipts dating between September 2021 and March 2022. Debtor reconciliations are completed automatically within the Civica system.</p> <p>Some weaknesses in control were found. A Corporate Debt Policy is in draft format and requires review and finalisation. Due to Covid and related tasks, such as grant administration, debt recovery action has been limited. In addition, debt reporting to Managers has not been completed since September 2021. The debtors reconciliation at March 2022 is showing a variance that requires investigating. Finally from the sample tested, there</p>	 <p>H-0 M-3 L-2</p> <p>Reasonable Assurance</p>


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				were some delays in raising invoices after the service/ supply was provided. Implementation of the recommendations in the action plan will enhance arrangements and address these risks.	
	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.		<p>The council tax 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>The I-World System maintains a record for each account of the total amount of Council Tax Charge for the year depending upon the band allocated to the relevant properties, income due to be received and any discounts/exemption if applicable. In addition it maintains a record of all transactions relating to bills issued, refunds made and income received, including if any reminder letters have been sent or summons issued.</p> <p>Sample testing of property additions/amendments confirmed that in all cases the correct amendment had been made and in a timely manner as per the Valuation Office Amendment Lists.</p> <p>Sample testing relating to discounts/exemptions, refunds, arrears and write-offs was also conducted. In all cases appropriate documentation had been maintained to support the transactions and, where appropriate, action relating to arrears had occurred.</p>	 <p>Reasonable Assurance H-0 M-3 L-3</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Some areas for improvement were identified. No reconciliation between payments on the I-World System and the General Ledger has occurred pertaining to the current financial year. This is because a new finance system (Civica Finance) was implemented in October 2021. The reconciliations should have been done monthly but there are no procedure notes in place for the new system. However, a reconciliation sheet has recently been formulated and a reconciliation conducted.</p> <p>A monthly reconciliation should be conducted between (i) the total cash as per the I-World system report and (ii) the amount as per the Cashier Report from the cash receipting system. Once the reconciliation has been produced it should be signed and verified by either the Income Manager or the Deputy Income Manager. For a sample of reconciliations reviewed it was noted that there had been a considerable delay in the reconciliation being conducted.</p> <p>A monitoring timetable for arrears is produced mainly relating to small balances, Default Arrangement and Pending on hold settlements/suppressed. These are at present not being actively monitored.</p> <p>Procedure notes across the system require review and updating, if applicable.</p> <p>Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Follow up all no and limited assurance reports	Investigation Report – Beacon Park	Limited Assurance Follow up	Q3	Originally 14 recommendations were made. The findings of this follow up review show 12 of the recommendations have been implemented, with 2 partially implemented. Audit follow up no/limited assurance until a revised opinion of reasonable assurance.	 Substantial Assurance

## ASSURANCE AND RECOMMENDATION CLASSIFICATIONS

Overall Audit Assurance Opinion	Definition
<b>Substantial</b>	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
<b>Reasonable</b>	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.
<b>Limited</b>	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.
<b>No</b>	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.

## Appendix 2

### Listing of currently outstanding high priority audit recommendations

<u>Code</u>	<u>Audit</u>	<u>Year</u>	<u>Recommendation</u>	<u>Follow Up</u>	<u>Responsible Officer</u>
1617 EPAY 01	E- payments	2016/17	The relevant PCI Self Assessment Questionnaire (SAQ) should be completed and submitted to the sponsoring bank	<ul style="list-style-type: none"> <li>• Currently outstanding and being addressed.</li> <li>• PCI DSS Audit in Q4 2022/23.</li> <li>• Implementation of Call Secure Plus January 2023</li> <li>• Additional and transformational IT support December 2022.</li> <li>• IT Action Plan implemented December 2022 / January 2023.</li> <li>• PCI Policy to be reviewed.</li> </ul>	Lizzie Barton - Assistant Director of Customer, Residents and Business
1920 PROP 03	Property Leases and Charges	2019/20	It should be investigated whether the leases identified were finalised and if there is a signed copy.	<ul style="list-style-type: none"> <li>• The Property Team are reviewing all leases to be completed April 2023.</li> <li>• Review of PPM compliance for tenants.</li> <li>• Review of all unsigned leases.</li> </ul>	Andrew Rowbotham - Director of Operations / Property Services and Estates Manager
1920 PROP 04	Property Leases and Charges	2019/20	Rent Reviews should be completed on time. The findings of the review should be communicated with the Corporate Debt Recovery team and evidence should be retained to support the change in rent charged	<ul style="list-style-type: none"> <li>• Rent Reviews dates are all marked on the asset register and take place on time.</li> <li>• Scheduled reviews being undertaken.</li> <li>• Liaison with debt recovery team on rent increases and outstanding debts.</li> </ul>	Andrew Rowbotham - Director of Operations / Property Services and Estates Manager

<u>Code</u>	<u>Audit</u>	<u>Year</u>	<u>Recommendation</u>	<u>Follow Up</u>	<u>Responsible Officer</u>
2223 IT System Security 01	IT System Security	2022/23	A formal RAP should be developed and managed for the quarterly security vulnerability scans and the RAP for the current ITHC should be managed through to full implementation. Where a vulnerability cannot be addressed, the risk should be documented and signed off by the SIRO.	Not Applicable – report issued 13/12/22	Ian Edwards – Information Officer
2223 IT System Security 02	IT System Security	2022/23	All accounts in the Windows Domain Admins group, including nested groups, should be reviewed and access revoked where it is not required.	Not Applicable – report issued 13/12/22	Ian Edwards – Information Officer
2223 GDPR 01	Data Protection and UK GDPR Compliance	2022/23	The Data Protection Policy should be reviewed, approved, and the latest version published.	Not Applicable – report issued 7/12/22	Laura Brentnall – Compliance and Data Protection Officer
2223 GDPR 02	Data Protection and UK GDPR Compliance	2022/23	All staff should undertake annual data protection training and new starters should complete their training as part of their induction, or within an agreed period thereafter.	Not Applicable – report issued 7/12/22	Laura Brentnall – Compliance and Data Protection Officer

<u>Code</u>	<u>Audit</u>	<u>Year</u>	<u>Recommendation</u>	<u>Follow Up</u>	<u>Responsible Officer</u>
2223 GDPR 03	Data Protection and UK GDPR Compliance	2022/23	The ROPA should be updated with the additional information highlighted and fully completed and finalised. It should be dated and version controlled and responsibility formally assigned for keeping it up-to-date.	Not Applicable – report issued 7/12/22	Laura Brentnall – Compliance and Data Protection Officer

**Analysis of number of audit recommendations outstanding as at 31 December 2022 by financial year raised**

