

# INTERNAL AUDIT QUARTERLY PROGRESS REPORT Quarter 2



Cabinet Member for Finance & Commissioning

Date: 28<sup>th</sup> November 2023

Agenda Item: .....

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Key Decision? NO

Local Ward Full Council

Members

**AUDIT &  
MEMBER  
STANDARDS  
COMMITTEE**

## 1. Executive Summary

- 1.1 This report comprises Internal Audit's Annual Report, including results for the quarter to 30 September 2023 (**Appendix 1**).

## 2. Recommendations

- 2.1 To note Internal Audit's Annual Report, including results for the quarter to 30 September 2023.

## 3. Background

- 3.1 The internal audit plan 2023/24 comprises **19 (including the additional IT audits)**. The target of achieving **90%** of the plan and this has been profiled as within the table below;

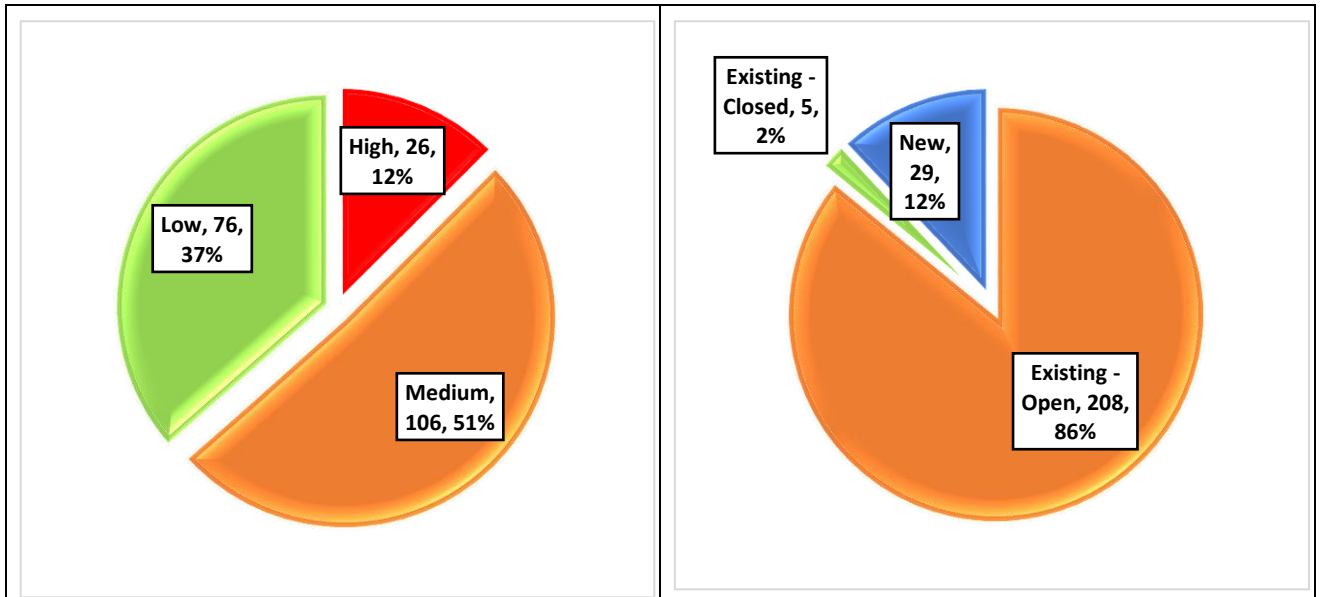
	Q1	Q2	Q3	Q4
No of planned audits	4	7	4	4
Cumulative	4	11	15	19
<b>Profile %</b>	<b>21%</b>	<b>58%</b>	<b>79%</b>	<b>100%</b>

No of audits completed	2			
No of audits deferred to 24/25				
Cumulative	2	2		
<b>Profile</b>	<b>11%</b>	<b>11%</b>	<b>45%</b>	<b>85%</b>

- 3.2 As at 30<sup>th</sup> September 2023 we had completed or achieved completion of **11%** of the audit. This was below the year to date audit plan profile for 2023/24 of **58%** and was due in part, to exceptional circumstances. To address the ongoing situation, a contingency plan has been put into place to draw down further resource from BDO to ensure completion of the audit plan by 31<sup>st</sup> March 2024. This planned work with BDO is reviewed on a fortnightly basis to ensure that the work is being completed in a timely and prompt manner. These actions together with the current progress of the plan is shown and detailed in **Appendix 1**, of this report.

- 3.3 Included within **Appendix 1** are the currently completed audit reviews and the respective assurance levels identified at the conclusion of the review. It is highlighted that a number of reviews have resulted in 'Limited Assurance', these are reported regularly to Leadership Team and also Internal Audit carry out follow up reviews to ensure that recommendations have been fully actioned. The follow up reviews are reported to this committee.

- 3.4 We issued 1 satisfaction questionnaire during the period and are awaiting a response. All responses including those outstanding from 2022/23 will be reported to this committee once received.
- 3.5 In terms of outstanding recommendations, they currently total **208**, a summary is provided below with additional detail included within the **Appendix 1**:



- 3.6 As previously reported to Committee we report high priority recommendations to Leadership Team monthly and hold quarterly meetings with all Leadership Team to discuss all outstanding recommendations and the progress management is taking to address these issues. An extensive exercise is currently being put into place to review the current levels of outstanding audit recommendations. This review is scheduled for completion by end of December 2023 and the results of which will be reported to committee. To enable clarity around the current position in relation to the overdue high priority recommendations I have included commentary on each of these in **Appendix 1** of this report.
- 3.7 During 2022/23 and as reported to this committee on 23<sup>rd</sup> March 2023 the service underwent its External Quality Assessment in relation to compliance with the Public Sector Internal Audit Standards. The service was found to 'generally conform' with the standards and an agreed Action Plan has been developed. This will form the basis for the service's Quality Assurance and Improvement Plan which will be reported to this committee in the new municipal year.
- 3.8 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.
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Equality, Diversity and Human Rights Implications	No equality, diversity or human rights implications arising from this report.
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EIA logged by Equalities	EIA logged by Equalities
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Crime & Safety Issues	None arising.
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Data Assessment	None arising.
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Environmental Impact	None arising.
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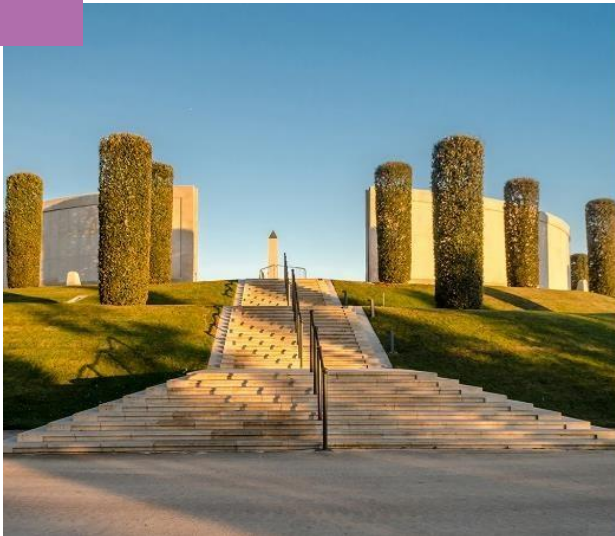
GDPR/Privacy Impact Assessment	None required.
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Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A Significant / high risk systems of internal control fail and go undressed.  Audit Manager	Likelihood: Yellow Impact: 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

Background documents	Audit Plan and Charter approved by Audit & Member Standards Committee 24 March 2023.
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Relevant web links	
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Internal Audit Progress Report (Quarter 2) 2023/24  
September 2023



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- 02 Internal Audit Work Undertaken
- 03 Annual Opinion
- 04 Follow Up
- 05 Performance of Internal Audit

## Appendices

- 01 Summary of Internal Audit Work Undertaken in 23/24
- 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.

## 01 INTRODUCTION

### BACKGROUND

This report comprises Internal Audit's Progress Report for quarter 1 to 30 September 2023.

### 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. During 2022/23 we completed the External Quality Assessment and were found to 'generally conform' to the standards. An agreed Action Plan has been developed and this will be reviewed by management and reported to committee in the new municipal year.

### 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 2023/24 was approved by the Audit & Member Standards Committee in March 2023. The plan was for a total of 19 audits (3 of which were deferred from 2022/23). During 2023/24 we have procured the services of BDO and E-Tec Business Services for delivery of the plan, together with internal auditor resource.

The three audits deferred from 2022/23 were PCI DSS, Housing and Council Tax Benefit and Development Management (Performance). These are progressing and a final report has been submitted to management relating to PCI DSS. Both Housing and Council Tax Benefit and Development Manager are scheduled for review during quarter 3 and 4 of 2023/24.

A key performance indicator for Internal Audit is to continue towards the target of 90% audit plan achievement at year end, we are currently at 11% completion of the plan as at 30<sup>th</sup> September 2023.

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. We will continue to liaise with our general audit service provision to improve the turnaround timescales for 2023/24.

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 regarding Agency Staff. To address this we undertook a review of this area of the council's operation. Recommendations are in the process of being agreed by management to strengthen arrangements.

## 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 30 September 2023, the following was undertaken:

- Fuel
- Review of DWP Searchlight
- Lichfield BID

## 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 (see KPI section05).

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 208 outstanding recommendations at 30 September 2023, shown in the table below:

Action Priority Rating	Total Open Actions at 31 March 2023	Actions Raised Since April 2023	Total Overall	Total Closed out at 30 Sept 2023	Total Open at 30 Sept 2023	% Implemented in the period
High	13	17	30	4	26	13 %
Medium	102	5	107	1	106	1 %
Low	69	7	76	0	76	0 %

Due to the changes in the management structure and previous ongoing senior management vacancies, which have now been filled further work will be undertaken in respect of outstanding audit recommendation. 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. We have recently completed a follow up of the GDPR limited audit and we can now provide a substantial assurance.

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.

Committee have previously asked for further details relating to current high priority recommendations. There are currently 26 high priority recommendations of which 19 are overdue and 7 are not yet due, these are detailed in the table below. Additionally, all high priority audit recommendations are reported to Leadership Team to provide feedback and sight of outstanding recommendations.



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 - **11%**
- 100% Draft reports issued within 6 weeks of start date – **50%**
- 100% Closure meetings conducted within 5 days of completion of audit work – **100%**
- 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 – **100%**
- 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% 1 out 1 issued**
- 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	Creditors (SR1)	Risk based review covering the adequacy and effectiveness of controls around creditor payment systems and credit cards	Q3	Audit fieldwork has commenced.	
	Payroll (SR1)	Risk based review of Payroll including assurance over the adequacy of controls around maintenance of systems, approval for payment and database management to ensure payments are correctly made.	Q2	Audit brief discussed during August 2023 with a proposed start date for February 2024.	
	Accounting & Budgetary Control (SR1)	Risk based review of the adequacy of controls surrounding accountancy and budgetary control arrangements across the council.	Q2	Audit brief discussed and finalised in September 2023 with a start date in October 2023.	
	Major Projects (SR1, SR3, SR4)	Risk based review to ensure that major projects are run in line with best practice, financial arrangements are robust and project management protocols and controls maintained.	Q1	Deferred to Q3, scoping meeting completed.	
	Housing & Council Tax Benefit	Risk based review of the adequacy of controls surrounding awarding of Housing & Council Tax Benefits to ensure with the correct assessment and awarding of benefit. Deferred from 2022/23.	Q2	Audit work commenced.	
Strategic & Operational Risks	Fees and Charges (SR1)	Risk based review of the adequacy and effectiveness of the controls in place to Ensure that fees and charges are regularly reviewed, updated and charged correctly.	Q1	Audit briefed and scoped with a proposed start date of December 2023.	


## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Taxi Licences (SR4)	Risk based review to ensure licencing arrangements are effectively controlled.	Q4	Audit brief discussed and finalised in August 2023 with a start date in January 2024.	
	Property Lease and Charges (SR2, SR4)	Risk based review regarding Property Leases and Charges to ensure that lease income is maximised and controls are effectively being implemented and operated.	Q2	Audit brief discussed during June 2023 with a proposed start date for December 2023.	
	Strategic Housing (SR2, SR3, SR4, SR5)	A review of Strategic Housing to ensure effective management arrangements in place.	Q2	Allocated to be progressed Q3.	
	LA Trading Company (SR1, SR2, SR3, SR4, SR5)	A review of the governance arrangement sand structures in place.	Q3	Allocated to BDO for Q3.	
	Public Open Spaces – sale (SR1, SR5)	A review of council’s arrangements for the management of public open spaces and disposal.	Q4	Audit brief discussed during August 2023 with a proposed start date for November 2023.	
	Data Breach Management – DPO (SR4, SR7)	A review of data breach management arrangements.	Q3	To be allocated.	
	Development Management Performance	Risk based review of Development Management Performance to include system based review of new systems.	Q2 2023/24	Audit brief discussed during June 2023 with a proposed start date for January 2024.	
ICT	IT Structure and Strategy (SR7)	Risk Based review on Council’s IT Structure and Strategy	Q1 – Q4	Allocated to IT Auditor	
ICT	PCI DSS (SR7)	Assurance review of PCI DSS compliance deferred from 2022/23.	Q1 – Q4	<p>The council take card payments in a number of service areas and hence there is an obligation to comply with PCI DSS requirements. Card payments are taken online via the corporate website, over the telephone by Customer Services and at various locations using Chip &amp; Pin payment devices.</p> <p>A project has recently been started to achieve PCI compliance and it is being supported by an</p>	 <p>Limited Assurance H-4 M-3 L-1</p>


## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>external consultancy with expertise in this area. There is an action plan of the key tasks required for PCI compliance and a review of the timeline suggests that compliance can be achieved by 30<sup>th</sup> September 2023.</p> <p>A formal PCI Compliance Policy has been drafted and one of the other major achievements is the implementation of a PCI compliant system for taking telephone payments in Customer Services.</p> <p>The key tasks that remain outstanding are:</p> <ul style="list-style-type: none"> <li>• Confirming corporate roles and responsibilities for PCI compliance, including the corporate lead officer;</li> <li>• Identifying all merchant activities and defining the scope of the PCI environment;</li> <li>• Confirming the PCI compliance status of third-party systems and service providers;</li> <li>• Completing a PCI Self-Assessment Questionnaire, which is an annual requirement;</li> <li>• Verifying the PCI compliance status of all PIN transaction security devices;</li> <li>• Providing PCI training to all staff who process card payments; and</li> <li>• Agreeing a security scanning strategy and remediating the critical/high risk vulnerabilities from the last scan in October 2022.</li> </ul>	
ICT	Business Systems (SR7)	Risk Based review of Business systems and data migration following implementation of new financial systems.	Q1 – Q4	Audit work completed, at draft report stage.	
ICT	IT Incident	Risk based of Council's IT Incident	Q1 – Q4	Allocated to IT Auditor	



## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Management (SR7)	Management and arrangements for maintenance of systems and recovery.			
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement	Q3	Work completed	No assurance opinion required
	Covid Grant assurance	Assurance work on grants	Q1 – Q4		
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	Q4		
	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.	
	NFI	Compliance with and review of data matches	Q1-Q4	In progress	
Additional Assurance Reviews requested by management	DWP Searchlight	Assurance review	Q1	Final Report issued.	 Limited Assurance H-9 M-1 L-0


**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
22/23 Planned Audits finalised	Agency Staff	Risk based review of controls in place for use of agency staff	Q4 2022/23	<p>Draft report issued.</p> <p>The Agency staff system is not designed with controls in place to mitigate the major risks. Appointment of agency staff is completed by the department. The choice of agency will be based on the availability of staff, pay rates or prior successful engagements. Where responsibility is held for completing the recruitment screening checks is uncertain. Verification checks undertaken will vary between agencies and will be specified in the agency terms and conditions. This would include checks on qualifications, right to work, references, medical clearance etc. HR are not informed of the recruitment of agency staff and there is no corporate process to advise on the recruitment of agency workers and the checks required. Staff are inducted by the Manager and inductions are role specific. There is no corporate induction for agency staff and agency staff are not consistently inducted on corporate policies or the council’s code of conduct for employees. Corporate e-learning is undertaken by those with access to the IT system and the Learning Hub. Testing confirmed for the 3 agency staff with access to the IT system, training through the Learning Hub had only been completed by one staff member. Other training is specific to the role. The working hours is specified in the agency contract/booking confirmation and is monitored by the Manager. Testing noted that two from six contracts/ booking confirmations could not be located. Agency fees are paid on receipt of a timesheet and an invoice. Testing noted that invoices are approved by the Manager prior to payment. Agency staff’s performance is monitored</p>	 <p>Limited Assurance H-1 M-5 L-1</p>

## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>through 1:1 meetings, team meetings and monitoring workload.</p> <p>At the time of the audit, only agency staff working at the depot had been subsequently transferred to permanent. The Council's new starter process had been followed. Personal information had been obtained, references, right to work checks and medical clearance. An induction had been completed at the depot which included reference to the code of conduct for employees. A regular training and monitoring program is in place, with staff subject to a six month probation period. For both permanent employees, the Objectives and Key Results (OKR'S) were on file.</p>	
	Elections	Risk based review of elections processes and in particular financial returns.	Q1	Draft report issued awaiting finalisation by management.	
	Being a Better Council	Risk based review.	Q4 2022/23	<p>We have reached the overall opinion that the Council had substantial project management controls to support the BABC programme. The BABC Programme Governance Model was well structured; roles, schedules, accountabilities of the governance groups/boards were clearly defined. However, the Programme Board held two meetings without the appropriate quorum.</p>	 <p>Substantial Assurance H - 0 M - 0 L - 1</p>
	S106	Risk based review.	Q4 2022/23	<p>We have reached the overall opinion that the Council has Limited controls to support the monitoring of Section 106 agreement trigger points and the spending of the funds.</p> <p>Section 106 contributions were often received significantly later than when the trigger point has been met as developers did not proactively inform the Council and sites are only visited annually to ascertain their progress. Similarly, there were some instances, specifically relating to the Cannock Chase</p>	 <p>Limited Assurance H - 3 M - 0 L - 1</p>

## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Special Area of Conservation (CCSAC), where the Council had not obtained evidence from Stafford Borough Council, who are financially responsible for expenditure on projects by the CCSAC Partnership, that the contributions had been spent in accordance with the agreement. However, alternative project documentation has been provided to the Council and monthly officer meetings are held where issues and updates and projects are discussed. Joint Strategic Board meetings with officer and elected member attendance are held where necessary, where decision making for spending is undertaken.</p> <p>The performance of Section 106 allocations and collection of contributions was not monitored frequently, with the full SIG having not met since June 2022. These issues have been driven by a significant reduction in resources following a Council restructure and staff leaving the Spatial Policy and Delivery Team, with some roles remaining vacant while a further restructure of the team takes place.</p> <p>While significant issues were identified, the Council's Exacom system retained adequate records for each contribution, including notification for when it was due to be spent by and, in some instances, the evidence of the spend. Additionally, despite limited resources, the Spatial Policy and Delivery Officer is taking steps, such as periodic emails to developers to ascertain whether trigger points have been met.</p>	
Follow up all no and limited	Data Protection/ GDPR	Risk Based review on Council's Data Protection and GDPR compliance	Q1	Follow up allocated and completed during Q1. To be finalised with management.	 Substantial Assurance

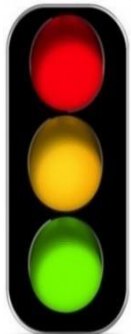


**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
assurance reports and all high priority recommendations.					H - 0 M - 3 L - 0

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.

## APPENDIX 1

Audit	Year	Recommendation	Current Status
Epayers	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 2023/24</li> <li>- Implementation of Call Secure Plus January 2023</li> <li>- Additional and transformational IT support December 2022</li> <li>- IT Action Plan implemented</li> <li>- PCI Policy to be reviewed</li> </ul> <p><b>Internal Audit to complete a full follow up review during Q1 2023/24, PCI DSS audit completed with Limited Assurance</b></p>
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 unsigned leases</li> </ul> <p><b>Internal Audit to complete a full review of Property Leases and Charges during 2023/24.</b></p>
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> <p><b>Internal Audit to complete a full review of Property Leases and Charges during 2023/24.</b></p>
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.	<p>31<sup>st</sup> January 2023</p> <p><b>Scheduled for follow up in 2023/24.</b></p>
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.	<p>31<sup>st</sup> January 2023</p> <p><b>Scheduled for follow up in 2023/24</b></p>
IT Disaster Recovery	2022/23	Scenario testing of the ICT Business Continuity Plan should be carried out at least annually.	<p>31 March 2023</p> <p><b>Internal Audit to complete a full follow up review during 2023/24</b></p>
Climate Change	2022/23	The Action Plan should be reviewed quarterly by Cabinet or the Overview & Scrutiny Committee with lead officers being amended to reflect staff changes at the Council.	<p>30<sup>th</sup> September 2023</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>

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Climate Change	2022/23	The Council should establish a cross-departmental working group to meet at least monthly oversee joint arrangements for reducing carbon emissions. It should also be used as an opportunity for departments to identify areas where they can cooperate to reduce carbon emissions.	31st May 2023  <b>Internal Audit to complete a full follow up review during 2023/24.</b>
Climate Change	2022/23	a) The Ecology & Climate Change Manager should contact the Finance team to obtain contact information for a member of the Finance team to support them on the management of the climate change budget. b) The Council should allocate funds from the climate change budget to specific projects. Where possible, these projects should measure the carbon emission reduction to demonstrate how the project will contribute to the achievement of the success measures in the Organisational Carbon Reduction Plan. Projects should be identified and discussed through a cross-departmental working group (see Finding 2).	31 <sup>st</sup> July 2023  <b>Internal Audit to complete a full follow up review during 2023/24.</b>
Strategi Risk Register	2022/23	The Council is not PSN compliant. Action is being taken to address Payment Card Industry Compliance which when complete will progress the PSN certificate.	31 <sup>st</sup> August 2023  <b>Scheduled for follow up in 2023/24</b>
LWMTS Searchlight	2023/24	9 recommendations raised at the conclusion of the audit and circulated to all members of the Committee.	All recommendations with implementation date of 31 July 2023  <b>Internal Audit to complete a full follow up review during 2023/24.</b>
S106	2022/23	The Council's Section 106 agreements are managed and monitored by the Spatial Policy and Delivery Team, and principally a Spatial Policy and Delivery Officer. The team are supported by the Finance Team on monitoring spend when requested.  In 2022 the Council had a restructure, resulting in staff leaving the Spatial Policy and Delivery Team reducing the resources from eight officers to three officers. The number of positions has been reduced to six, but two roles remain vacant while the structure of the team is finalised. Some of these roles had been vacant since January 2022 and not been filled due to the restructure.  Throughout our review, in findings 2-4 of this report, we identified gaps in the management and monitoring of Section 106 agreements, resulting in contributions not being collected and spent to alleviate the impacts of large developments.	31 October 2023  <b>Internal Audit to complete a full follow up review during 2023/24.</b>

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S106	2022/23	<p>Section 106 agreements are established with developers to provide funding for community infrastructure and services, to alleviate the increase in demand driven by the development. All contributions in the agreements are payable by developers to the Council when a trigger point is reached. For instance, the trigger point for a contribution could be met when the first dwelling on the site is occupied. While the Council are reliant on developers informing it when trigger points have been met, quarterly site visits are undertaken by the Spatial Policy and Delivery Team to verify the development stage and determine if trigger points have been met. Once trigger points have been met, an invoice is issued to the developer for the contribution.</p> <p>However, due to a reduction in the Spatial Policy and Delivery Team's resources site visits have fallen to once a year, placing a higher reliance on the developer's notification of the trigger points being met. We were informed that developers do not tend to pro-actively inform the Council that a trigger point has been met. The Council does periodically email developers to enquire whether trigger points have been met.</p> <p>We reviewed contributions from 10 Section 106 agreements and found:</p> <ul style="list-style-type: none"> <li>• There were six instances where the contributions totalled £216,297 where the developer did not notify the Council that the trigger point had been met. Therefore, contributions were received late. While we are unable to verify the time gap between the trigger point being met and receipt of the contributions (as the Council were not notified of it), there appears to be a significant delay in these cases. For example, there was one instance where a contribution of £150,000 for a developer to support the enhancement of biodiversity across the Council's jurisdiction was due to be paid at the start of construction but was not received until the construction had been completed due to a lack of monitoring.</li> </ul>	<p>31 December 2023</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
S106	2022/23	<p>The Spatial Policy and Delivery Team report to the SIG who as part of their remit provide oversight and scrutiny on the allocation and spend of Section 106 monies. The SIG's membership includes officers from the Council's Development Management Team, Finance Team, Housing and Leisure Team, and the Spatial Policy and Delivery Team, plus two officers from Staffordshire County Council.</p> <p>However, the full group of SIG members have not met since June 2022 as the Chair of the SIG and several other members have left the Council.</p>	<p>31 October 2023</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>

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PCI DSS	2022/23	<p>The Interim ICT Manager has an informal list of merchant activities but it has not been validated by Finance.</p> <p>Once validated, it can be used to confirm the scope of the PCI environment in terms of people, processes and technology.</p>	<p>31 January 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
PCI DSS	2022/23	<p>The following compliance activities have not been performed:</p> <ul style="list-style-type: none"> <li>• Completion of a PCI DSS Self- Assessment Questionnaire (SAQ) and Attestation of Compliance (AoC). There are a number of different SAQ's and the right one depends on merchant activities;</li> <li>• Confirmation that all third-party systems and services within the PCI scope are PCI compliant; and</li> <li>• All PIN Transaction Security (PTS) devices are compliant with the PCI PTS standard.</li> </ul> <p>These activities are included on the PCI action plan.</p>	<p>31 January 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
PCI DSS	2022/23	<p>Staff who process card payments have not been provided with any training on their responsibilities for safeguarding cardholder data. A PCI training course is available on the on-line training platform and has been identified for staff. A review of the course found that it covers PCI requirements and risks of non-compliance but does not cover staff roles and responsibilities.</p>	<p>31 January 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
PCI DSS	2022/23	<p>PCI requires annual security penetration testing and quarterly internal and external vulnerability scans by an Approved Scanning Vendor (ASV). The actual requirements are dependent on the relevant SAQ as per recommendation 4.</p>	<p>31 January 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>