

# Internal Audit Annual and Quarterly Progress Report 2023/24

Cabinet Member for Finance and Commissioning

Date: 17 April 2024

Agenda Item:

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Key Decision? NO

Local Ward Full Council

Members



Lichfield  
District Council

**Audit Committee**

## 1. Executive Summary

- 1.1 This report comprises Internal Audit's Annual Report, including results for the quarter to 31 March 2024 (**Appendix 1**).

## 2. Recommendations

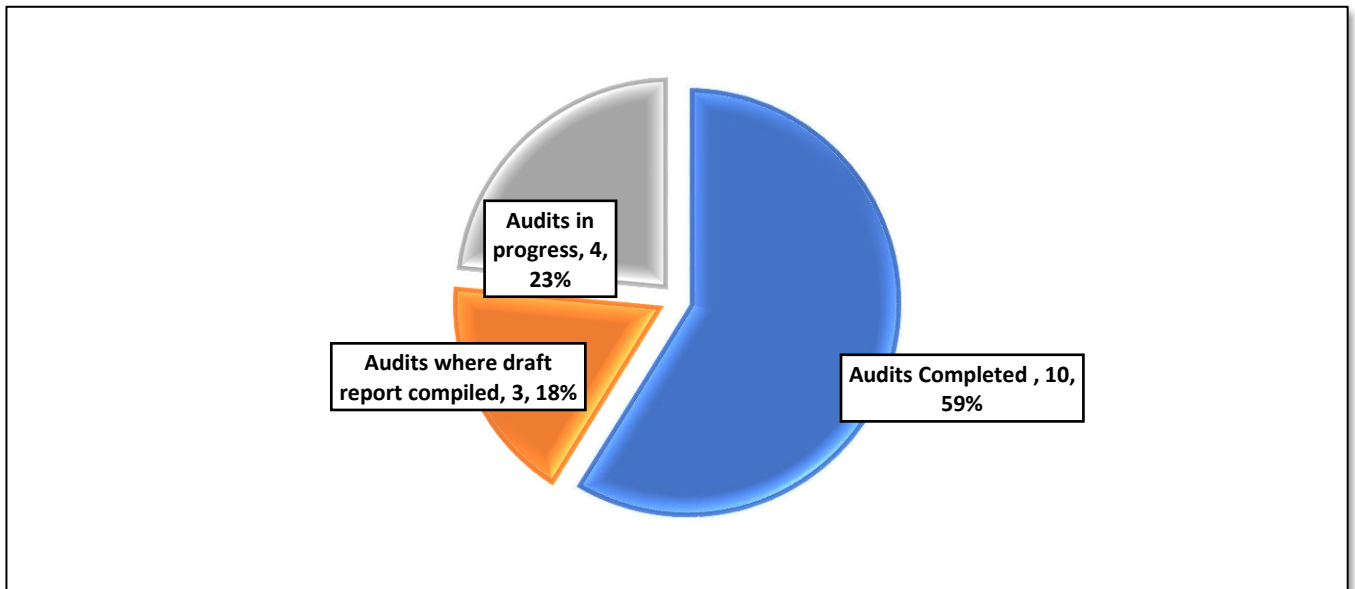
- 2.1 To note Internal Audit's Annual Report, including results for the quarter to 31 March 2024.

## 3. Background

- 3.1. The Annual Report for Internal Audit details the work completed during 2023/24. 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.
- 3.2. The internal audit plan 2023/24 initially comprised **19 (including the additional IT audits)**. During the year this figure was adjusted to take into account the audits brought forward from 2022/23 and those deferred into 2024/25. The total audits to be completed during the year was therefore revised to **17 (including the additional IT audits)** and this is explained further below:

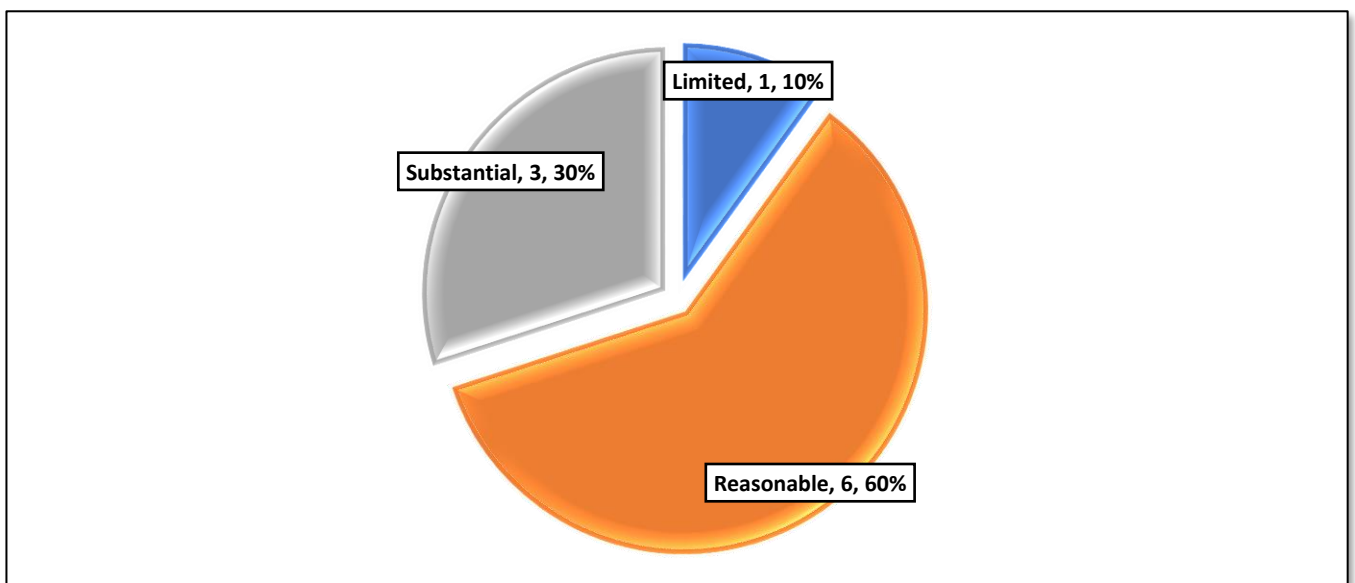
<b>Audit Plan (Approved 23/03/2023)</b>	<b>19</b>
<b>Add Audits Brought Forward from 2022/23:</b>	
Development Management	1
Taxi Licensing	1
<b>Less Audits Carried Forward to 2024/25:</b>	
Major Projects	-1
Property Leases	-1
Public Open Spaces	-1
Strategic Housing Options	-1
<b>Final Audit Plan</b>	<b>17</b>

3.3. The progress compared to the Final Audit Plan is shown below:



3.4. The target of achieving **90%** of the plan has not been reached with **59%** of the plan fully achieved at year end. However, taking into account the number of audits where fieldwork has been fully completed, reports drafted, and we are awaiting closure meetings this completion rate increases to **77%**.

3.5. A summary of the internal audit work undertaken and audit assurance opinions issued is shown in detail at **Appendix 1** and in summary below:



3.6. We issued 8 satisfaction questionnaires during the period and received 5 responses. The service achieved an average score of **4.0**, compared to a KPI of 4. We will continue to record outstanding questionnaires as these are received.

3.7. The performance against other KPI's has been affected due to allowing service areas to concentrate on business critical service delivery and the unforeseen circumstances which affected the section. This has resulted in exceeding timescales set as targets within the KPI's. We will continue to manage this situation with the external provider to improve turnaround timescales.

3.8. At the previous Audit Committee a specific agenda item was brought to committee highlighting the outstanding audit recommendations. Additional detail has also been included within the **Appendix 1**. As at 31<sup>st</sup> March 2024 there are currently 103 outstanding audit recommendations shown in the table below;

Action Priority Rating	Total Open Actions at 1 April 2023	Actions Raised Since April 2023	Total Overall	Total Closed out at 31 March 2024	Total Open at 31 March 2024	% Implemented in the period
High	13	19	32	17	15	53 %
Medium	102	17	119	61	58	51 %
Low	69	17	86	56	30	65 %

3.9 As at 1 April 2023 there were 13 high priority recommendations which had been raised and were overdue. During the financial year 2023/24 19 'high priority' recommendations have been raised. The table outlines that currently there are 15 outstanding high priority recommendations of which 14 are overdue. As previously reported to Committee we report high priority recommendations to Leadership Team monthly 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.

3.10 During 2023/24 two issues of note were identified in respect of the LWMTS management and control over the DWP Searchlight system and a whistleblowing allegation. A briefing note was provided to members of the committee outlining the issues in relation to the whistleblowing allegation. No matters of fraud have been reported during the year.

Alternative options	Not applicable.
Consultation	Not applicable.
Financial implications	The Audit Service has been delivered within budget during 2023/24.
Approved by Section 151 Officer	Yes
Legal implications	There are no specific legal implications.
Approved by Monitoring Officer	Yes
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	There are no Equality, Diversity or Human Rights issues.
EIA logged by Equalities Officer	No Equalities Officer confirmed not required.
Crime & safety Issues	There are no Crime and Community Safety issues.

Data assessment	Not applicable.
Environmental impact (including climate change and biodiversity)	None arising.
GDPR / Privacy impact assessment	No specific implications.

	Risk description & risk owner	Original score (RYG)	How we manage it	New 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 23 March 2023.
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Relevant web links	None.
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An aerial photograph of a university town, likely Cambridge, featuring a large Gothic cathedral (King's College Chapel) with a prominent spire, surrounded by red-brick university buildings and lush green trees. A river flows through the foreground on the left. The background shows rolling green hills under a clear blue sky.

Internal Audit Annual Report and Progress Report  
(Quarter 4) 2023/24  
April 2024

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- 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 Annual Report and Progress Report for quarter 4 to 31 March 2024.

### 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). The three audits deferred from 2022/23 were PCI DSS, Housing and Council Tax Benefit and Development Management (Performance). A final report has been submitted to management relating to PCI DSS. Housing and Council Tax Benefit is at draft report stage. Development Management has been further deferred due to the current departmental restructure. From the plan for 2023/24 Taxi Licensing and Strategic Housing has been refocussed to review Housing Options a full review of Strategic Housing has been included in the plan for 2024/25. Further adjustment of the audit plan was required and in total the new plan of work included 17 audits.

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.

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 59% completion of the plan as at 31<sup>st</sup> March 2024 of the adjusted audit plan, however this only related to fully finalised audits. Taking into account audits, as at 31<sup>st</sup> March 2024, where fieldwork was fully completed and both draft reports and closing meetings have been scheduled our plan completion rate is 77%.

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 2024/25.

## APPENDIX 1

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

A review of DWP searchlight was undertaken due to a data breach and additionally, work was undertaken regarding a whistleblowing allegation which has been raised with management. Internal Audit carried out initial staff interviews to determine the veracity of the claims and subsequent management investigation is ongoing. 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 31st March 2024, the following was undertaken:

- Fuel
- Review of DWP Searchlight
- Lichfield BID
- Parks

**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 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 103 outstanding recommendations at 31st March 2024, shown in the table below:

Action Priority Rating	Total Open Actions at 1 April 2023	Actions Raised Since April 2023	Total Overall	Total Closed out at 31 March 2024	Total Open at 31 March 2024	% Implemented in the period
High	13	19	32	17	15	53 %
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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 15 high priority recommendations of which all are overdue, 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 - **77% of adjusted plan**
- 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 – **73%**
- 100% of all high priority actions are implemented at follow up – **53%**
- 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 – **75% (5 out of 8 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	<p>We have reached the overall opinion that the Council have Reasonable controls to support creditor payment systems. Our review found that both orders and payments to suppliers have strong controls over the processes. Request forms for POs are approved under different approval limits and POs must be matched to GRNs before a BACs run of payments is made. Testing of a sample of transactions found no exceptions. Suppliers to the Council were found to have been paid accurately and in a timely manner, in line with the Council 30-day target. This target is also adequately monitored through both management reporting done informally between the Chief Financial Officer and management. There are also Money Matter Reports which are reported to the Cabinet and Overview and Scrutiny Committee, providing sufficient oversight to the process.</p> <p>Our review also found that supplier bank details are only added or amended once sufficient checks have been completed. A sample of amendments to supplier bank details found that appropriate documentation, like headed bank details, was received before changes were made. In addition, any bank details that did not reconcile with Council records, were confirmed with suppliers before any payments were made.</p> <p>However, we identified exceptions relating to controls around Council credit card transactions. We recognise that additional resources will enable</p>	<div style="text-align: center;">  <p>Reasonable Assurance</p> <p>H-0</p> <p>M-1</p> <p>L-0</p> </div>


## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				the Council to focus further on this area in the future.	
	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	Closing meeting to be held, draft report completed to be discussed with management.	
	Accounting & Budgetary Control (SR1)	Risk based review of the adequacy of controls surrounding accountancy and budgetary control arrangements across the council.	Q2	<p>Overall, the Council have Reasonable controls in place to support its management of budgetary control and accounting, partly due to a lack of formal training for new budget holders posing a risk of budget overruns. Across our interviews with budget holders, training was regularly raised as an area where they would prefer additional support.</p> <p>The Council do have a structure in place to offer scrutiny of budgets at several stages such as meetings between the Finance Team and budget Holders and oversight at Leadership meetings and Cabinet. Therefore, reasonable assurance has been provided as budgets are reported monthly and finance advisors support budget holders with their responsibilities.</p>	 Reasonable Assurance H-0 M-1 L-1
	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	Audit work commenced and fieldwork being undertaken.	


## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	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	<p>Management comments received, report to be finalised and issued.</p> <p>We have reached the overall opinion that the Council have Reasonable controls to support the management of housing and council tax benefits. Our review found that the Council has strong controls in place for processes that assess benefit applications, retain evidence and monitor KPIs.</p> <p>However, our testing found that the timeliness for processing new CTRS applications could be improved. Our sample had an average of 33.8 standard working days between the date of all information being received to the date a decision was made. This is above the target of 20 days.</p> <p>In addition, there are currently no agreed plans in to place to increase utilisation of robotics and automation. Interfacing and updating issues with the current robot have delayed plans to increase its capabilities. Although a contract has been agreed with a supplier to further refine CTRS delivery, a project plan is not yet in place.</p>	 Reasonable Assurance H-0 M-1 L-1
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 work commenced and fieldwork completed, closing meeting organised, report drafted.	
	Taxi Licences (SR4)	Risk based review to ensure licencing arrangements are effectively controlled.	Q4	Audit brief discussed and finalised in August 2023. Audit deferred to 2024/25 due to change in policy.	Deferred


## APPENDIX 1

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	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	Fieldwork commenced and in progress.	
	Strategic Housing (SR2, SR3, SR4, SR5)	A review of Strategic Housing to ensure effective management arrangements in place.	Q2	Review updated to only include Housing Options. Full review of Strategic Housing to be completed in 2024/25	
	LA Trading Company (SR1, SR2, SR3, SR4, SR5)	A review of the governance arrangement sand structures in place.	Q3	<p>Overall the Council have Reasonable controls in place for the governance of LWMTS, its wholly-owned company. Although, it should be noted that our review was focused on an assessment of the documentation in place to support statutory compliance and effective governance. We are not providing an opinion on the management of the Company itself.</p> <p>The Council incorporated LWMTS in September 2019, using the model Articles of Association. It also has a Shareholder Agreement, clearly outlining matters that are reserved for the Council, to manage financial and operational risk relating to the Company. The Business Plan for 2023/24 was approved in October 2022 by the Shareholder. However, we noted that clear key performance indicators have not been identified for reporting purposes to support effective monitoring of the performance of the Company in delivering the agreed objectives. Performance is reported to the Council's Deputy Leader informally by the Chief Executive on a periodic basis and LWMTS prepares and Annual Report each year which highlights some of its successes.</p>	 Reasonable Assurance H-0 M-1 L-1

## APPENDIX 1


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>We understand that the LMWTS is aiming to expand its services in future years to generate higher amounts of revenue, with a longer-term aim of providing more commercial services to generate a dividend to be paid back into the Council. This is consistent with other authorities but carries higher levels of risk, and therefore, we have raised findings that the Council may wish to consider to strengthen its governance arrangements. These are:</p> <ul style="list-style-type: none"> <li>• Create a Shareholder Group to oversee, challenge and scrutinise the Company.</li> <li>• The size, composition and level of independence of the Board and whether external sector expertise should be introduced to the Board.</li> </ul> <p>Based on the current position of the Company, the Council have implemented reasonable governance structures and foundations, with appropriate documentation and processes in place.</p>	
	Public Open Spaces – sale (SR1, SR5)	A review of council’s arrangements for the management of public open spaces and disposal.	Q4	Fieldwork commenced and ongoing.	
	Data Breach Management – DPO (SR4, SR7)	A review of data breach management arrangements.	Q3	Draft report completed, closing meeting with management to discuss findings.	
	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. Deferred to 2024/25 due to departmental restructure.	Deferred
	Strategic Risk Register	Risk based review of the adequacy and effectiveness of the controls in place to mitigate the Council’s strategic risks.	Q4	Controls documented in the SRR to mitigate the Council’s 6 strategic risks, were found to be in place and operating effectively. SRR updates are discussed at Leadership Team monthly. Input is required from Leadership	 Substantial Assurance H-1

**APPENDIX 1**


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Team to review the current SRR including and any further changing or new emerging risks on the horizon. The risk scores are also reviewed. The SRR is an agenda item at Audit Committee.</p> <p>Testing identified weakness in some controls, either not operating as stated in the SRR or require revision due to a change in process. This includes:</p> <ul style="list-style-type: none"> <li>- The Council is not PSN compliant. This weakness was identified, and a recommendation has been made annually since the 2021/22 SRR audit.</li> </ul>	<p>M-0 L-0</p>
ICT	IT Structure and Strategy (SR7)	Risk Based review on Council's IT Structure and Strategy	Q1 – Q4	<p>There is a formal structure in place for the ICT service. Following the departure of the previous ICT Manager and members of the team in late 2022, a review of the service was undertaken and the Information Manager was appointed as the Interim head of service. We understand the interim role will continue into 2024. As a result of the other staff changes, a third-party supplier was engaged in early 2023 to deliver first line support services. Following a recent performance review the supplier's contract has been extended.</p> <p>The Interim ICT Manager reports to the Chief Operating Officer (COO) and they meet fortnightly to review the service, priorities and issues etc. The ICT team meet every Monday morning to review the week ahead and discuss any significant pieces of work and confirm what everyone is doing. These two sets of meetings are key to the overall governance of the ICT service but they are not documented. As a minimum, any actions agreed at</p>	 <p>Reasonable Assurance H-0 M-2 L-2</p>



**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>the meetings should be formally logged so that they can be followed up at subsequent meetings.</p> <p>An IT Strategy has recently been developed by the Interim ICT Manager and is in draft form. A review of the strategy found that it is technology focussed and we have identified some gaps which should be addressed. For example, there are no details on how the strategy will support the Council’s overall aims and objectives or help to improve the customer’s digital experience.</p> <p>The draft IT Strategy does not have an implementation plan or roadmap associated with it. This is required to show the discrete pieces of work that will deliver the strategy and allow it to be reviewed and monitored.</p> <p>The interim ICT Manager meets with a small number of service areas on a regular basis to review and discuss their IT requirements and also attends the Wider Leadership Team. However, there is no cross-functional group, such as an IT steering committee, to manage the IT strategy and provision of IT services across the Council.</p>	
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 external consultancy with expertise in this area.</p>	 <p>Limited Assurance H-4 M-3 L-1</p>


**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>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	The Civica Financials system uses single sign-on (SSO) for user authentication and access is only available from the Lichfield DC network. SSO requires all users to have an account on the Civica domain which is linked to their account on the Civica system. Users are authenticated when they	 <p>Limited Assurance H-2</p>

**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>login to the corporate network and a secondary login to the Civica system is not required. All users have a unique account on the system.</p> <p>Members of the finance team have full access to relevant modules and users outside finance generally have read-only access. The access of the finance team should be restricted to reflect individual roles, although it is accepted that the small size of teams means some users will need to have a higher level of access for cover purposes. User access rights should also be documented and subject to a formal annual review.</p> <p>System administrator access is limited to three members of the finance team and staff from Civica, who require it for support purposes. As system administrators have operational responsibilities in finance, there is a risk of fraud or other misuse and this should be formally acknowledged and monitored via the finance risk register. The staff from Civica with system administrator access were confirmed in June 2022 and a number of their accounts were disabled as they no longer required access. This review should be performed annually and, in addition, their accounts should only be activated when they are required for support and kept disabled at all other times. New user accounts for the finance team should also be formally authorised before being created.</p> <p>No details were available on the level of system auditing in place and on audit reports. Hence, there is a risk that changes to the system/data cannot be attributed to specific users.</p>	<p>M-4 L-5</p>

**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>As the system is cloud based, the supplier is responsible for taking backups of data and for ensuring the system is protected against cyber-attacks. There is no hosting agreement, or equivalent, to provide assurance over these key areas.</p> <p>System support and maintenance is in place and all support calls are logged on the supplier portal. Whilst there are only a small number of logged tickets, one of them has not been updated since 2022 and hence they should be kept under review to ensure the supplier is meeting service level targets. Confirmation should also be sought from the supplier that software licensing conditions are being met.</p> <p>The first major upgrade to the system since it went live is being planned. Whilst there is evidence of testing being undertaken for a previous upgrade that was cancelled, there are no formal change control procedures in place.</p>	
ICT	IT Incident Management (SR7)	Risk based of Council’s IT Incident Management and arrangements for maintenance of systems and recovery.	Q1 – Q4	The ICT team were responsible for all procedures relating to IT incident management up until March 2023. At this time, following staff changes within ICT and a review of services, a third-party supplier, RazorBlue, were engaged to provide first line support services. This includes operating a service desk for users to report incidents and service requests. The contract with RazorBlue ends in January 2024, although there is an option to extend for a further three months, at which time a decision will have to be made on the future of the service. Second line support services continue to be provided by the in-house ICT team.	 <p>Reasonable Assurance H-0 M-4 L-2</p>



**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>The appointment of RazorBlue means there are two service desk systems in operation. One is their system used for first line support and the other is the existing ICT service desk used by the in-house team for tickets that are passed to them for resolution. Running incident management on two systems that are not fully compatible is inefficient and should be addressed.</p> <p>RazorBlue’s service standards are documented and available on the Intranet. All incidents are prioritised into one of four categories and each has a stipulated response time. Support calls that are passed to the in-house ICT team for resolution do not have an agreed service level and consequently the performance of the team cannot be measured. These calls are also logged under a default category instead of one that reflects the type of incident/service request so that it is more meaningful and can be reported against.</p> <p>RazorBlue have documented and shared their escalation plan. The Interim ICT Manager confirmed he has not had to escalate any incident beyond the service desk.</p> <p>A review of the in-house service desk system identified a number of open tickets from March-July 2023 that have not been updated. All open tickets should be subject to periodic review to ensure they are being progressed. This includes tickets on the RazorBlue service desk.</p>	



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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>RazorBlue issue a monthly service report which includes various statistics to allow the performance of their service to be assessed. A new Trend Analysis report has also recently been made available.</p> <p>Users have an opportunity to provide feedback on the service they receive when their cases are closed and details of feedback are included in the service report.</p>	
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement	Q3	Work completed.	No assurance opinion required
	Assurance work	Assurance work on grants	Q1 – Q4	Ongoing	
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	Q4	Ongoing	
	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	Completed.	
	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	Q1-Q4	In progress	

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		matches			
Additional Assurance Reviews requested by management	DWP Searchlight	Assurance review	Q1	Final Report issued.	 Limited Assurance H-9 M-1 L-0
22/23 Planned Audits finalised	Agency Staff	Risk based review of controls in place for use of agency staff	Q4 2022/23	<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</p>	 Limited Assurance H-1 M-5 L-1

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>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 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>	
	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>	 Substantial Assurance H - 0 M - 0 L - 1
	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>	 Limited Assurance H - 3 M - 0



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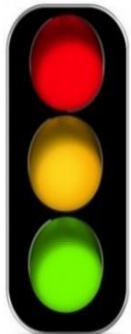
Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>Section 106 contributions were often received significantly later than when the trigger point has been met as developers did not proactively inform the Council and sites are only visited annually to ascertain their progress. Similarly, there were some instances, specifically relating to the Cannock Chase 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</p>	<p>L - 1</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				emails to developers to ascertain whether trigger points have been met.	
Follow up all no and limited assurance reports and all high priority recommendations.	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.	 <p>Substantial Assurance H - 0 M - 3 L - 0</p>
	IT Disaster Recovery	Risk Based review on the Council's IT Disaster Recovery system	Q3	Follow up completed and finalised.	 <p>Reasonable Assurance H-0 M-2 L-0</p>
	Allocation of Awards/ Planning Obligations & Section 106	Risk Based review on the allocation of awards/ planning obligations & Section 106 system	Q3	Follow up completed and finalised.	 <p>Substantial Assurance H-0 M-0 L-0</p>
	Climate Change	Risk Based review of the climate change system	Q4	Follow up completed and finalised.	 <p>Substantial Assurance H-1 M-1 L-0</p>

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.

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Audit	Year	Recommendation	Current Status
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>Awaiting progress update from management</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>Awaiting progress update from management</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.	31 <sup>st</sup> January 2023
Climate Change	2022/23	<p>a) The Ecology &amp; 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.</p> <p>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).</p>	31 <sup>st</sup> July 2023
Strategic 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.	<p>30 June 2024</p> <p><b>Recommendation remains in 2024/25 internal audit review of Strategic Risk Review.</b></p>

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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.  Management update that all recommendations have been implemented. However, Internal Audit require evidence to be provided as part of the re-review of the system to provide assurance in implementation.
PCI DSS	2022/23	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.	31 January 2024  Management responses received and work completed in this area. Internal Audit to provide assurance with re-review of systems.