**Appendix 1**

Internal Audit Annual Report (including Quarter 4 2020/21 Progress Results)
May 2021

# Tamworth
## Borough Council

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The matters raised in this report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and 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 required. This report was produced solely for the use and benefit of Tamworth Borough 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, including results for quarter 4 to 31 March 2021.

### SCOPE AND PURPOSE OF INTERNAL AUDIT

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

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

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

### ACKNOWLEDGEMENTS

Internal audit is grateful to the directors, 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 2020/21 was considered and approved by the Audit & Member Standards Committee at its meeting in July 2020. The plan was for a total of 16 audits.

Two audits (castle, assembly rooms) were amended from the plan during the year. These were because these operations had needed to close due to the pandemic restrictions.

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 year is included at **Appendix 01**. Progress against the plan and performance against internal performance measures is at section 05. It should be noted that 2 out of the 3 targets were met. One measure shows that 96% of recommendations made were accepted (target 100%). This equates to 43/45 recommendations (1 medium and 1 low not agreed).

### 03 ANNUAL OPINION

### SCOPE OF THE OPINION

In giving the annual audit opinion 2020/21, it should be noted that assurance can never be absolute. The most that the internal audit service can provide 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.

- 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 on 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.

**Annual Internal Audit Opinion**

> **On the basis of audit work completed, Internal Audit's 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 audit work. These matters have been discussed with management, to whom recommendations have been made. 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**

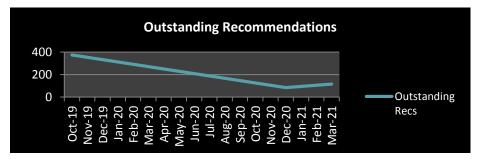No matters of fraud or irregularity have been reported during the year 2020/21.

**Consultancy & Advice**

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters from time to time. No major pieces of consultancy work were undertaken during the year.

**04 Follow Up**

All high priority actions and those arising from no and limited overall assurance reports are followed up by audit, managers confirmation applies to the rest.

The total outstanding actions at the end of quarter four are 116 (34 high, 62 medium, 20 low).

**Outstanding Recommendations**

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

### Compliance with professional standards

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

### Conflicts of interest

There have been no instances during the year which have impacted on internal audit's independence that have led to any declarations of interest.

## Performance of Internal Audit

### Internal audit quality assurance

To ensure the quality of the work internal audit performs, there is 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

Internal audit's main performance measures and the quarter's outturn are as follows:

To achieve at least 90% of the plan by the end of the financial year – 100% completed (14 out of 14). See section 2 for commentary.

Draft reports issued within 15 working days of completion of fieldwork – 100%.

Percentage of recommendations accepted by management - 96%. (43 out of 45)

**Appendix 01: Summary of Internal Audit Work Undertaken**

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
|---|---|---|---|---|---|
| Core Financial Systems | Main accounting | Risk based review covering the adequacy and effectiveness of controls around main accounting, including access control, journals, virements, control account reconciliations etc. All core financial system audits will include a review of controls which may have been relaxed / adapted as a result of the requirement for remote working as a result of Covid-19. | Q4 | The main accounting system is designed well with adequate controls in place to mitigate against risk. The financial information is retained on the EFin System. A coding structure is in place with amendments made, restricted to administration level access. The coding structure is published in the budget book which is accessible to staff. There is a hierarchical structure within finance and access to functionality within EFin is determined in accordance with this.  Testing of a sample of user access levels confirmed access as appropriate. A closedown timetable for the year end accounts is in place and was approved through Audit and Governance Committee. This lists tasks, responsible officers and deadline dates. The timetable was distributed to the finance team and managers. Regular liaison is held with External Audit and internal meetings monitor progress of closedown and the production of the accounts which were approved on 29 October 2020 by the Audit and Governance Committee, within the required timeframe. Any unidentified transactions are posted to a suspense account. Some areas for improvement were noted. Although journals tested were appropriate, there is no requirement for an independent review prior to posting on the EFin System.   This was also raised as a finding by external audit in their Annual Audit Letter. In addition,   testing noted bank reconciliations are not reviewed consistently, as required in the procedure notes. The reconciliation summary spreadsheet used to monitor all reconciliations is not up to date and cannot be used | Substantial Assurance<br><br>Number of Actions<br>H-0<br>M-1<br>L-2 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
|---|---|---|---|---|---|
| | | | | as a monitoring tool to ensure reconciliations are completed as required. The suspense account currently includes an accrual for unidentified income from 2019/20. Implementation of the recommendations in the action plan will enhance arrangements and address these risks. | |
| | Budgetary Control | Risk based review covering the adequacy and effectiveness of controls around budget planning; monitoring and control (including variances, profiling), reporting – and testing a sample of departments. | Q3 | The budgetary control system is designed with controls in place to mitigate the major risks. There is clear budget planning process with a timetable of tasks, delegation and timescales. Input to the budget setting process 2020/21 was provided by budget holders, Finance, Corporate Management Team (CMT), Members and external stakeholders. The budget was reviewed at Cabinet and Joint Scrutiny (budgets) and culminated in the approval of the budget by Council in February 2020, a requirement of the Council's Constitution.<br><br>Controls were found to be operating effectively. There was clear evidence of budget monitoring and variances highlighted at budget holder level each month and through performance monitoring reported quarterly to CMT and Cabinet.<br><br>As part of the audit, feedback was requested from a sample of budget holders, who confirmed their input to the budget setting and monitoring process with sufficient support from finance to enable them to monitor their budgets effectively.<br><br>Budget holders were also aware of their responsibilities and accountabilities for their budget. Budget holders did not raise any comments or suggestions for improvement of the budget setting/ monitoring process. | Substantial Assurance<br><br>Number of Actions<br>H-0<br>M-0<br>L-2 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | Changes to the budget were found to be identified directly from budget holders, accountancy or through performance monitoring. Virements were also found to be processed in accordance with delegations specified in Financial Guidance.<br><br>Some minor areas for improvement was noted during the audit, namely ensuring a business case is evident for all approved policy changes and that all new budget holders receive appropriate financial training to enable them to effectively discharge their budget responsibilities. Implementation of the recommendations in the action plan will enhance arrangements | |
| | Treasury Management | Risk based review of treasury management including strategy, investments and loans | Q3 | The Treasury Management system is designed well with adequate controls in place to mitigate against risks. Good practice was noted in that an approved Treasury Management Strategy Statement, Policy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy are in place which meet the requirements of the CIPFA Code of Practice on Treasury Management and the Prudential Code. Investment performance was found to be routinely monitored and regularly reported to CMT, Cabinet, Council and Audit Committee and of a sample of 10 investments / 10 repayments examined as part of the audit, all were found to be compliant with the strategy and practices, with adequate segregation of duties and accurate records in place.<br><br>Two minor areas for improvement were noted. The first in relation to KPI's - two (max invested for more than 364 days and average external investment interest rate achieved) were recorded on Pentana as not currently being met, however, the system had | Substantial Assurance<br><br>Number of Actions<br>H-0<br>M-0<br>L-2 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | not been updated since May 2020. It is recommended that Pentana is updated and any corrective action taken as necessary. The second is in relation to maintaining evidencing of approval of investment decisions. Before the team moved to remote working, investment decisions were noted on a document prepared by the Accountancy Assistant and physically counter signed by two of the authorised approvers. This document is now completed electronically without signature. While the risk of unauthorised transactions is minimal, as payments on the online banking system have to be appropriately approved, supporting evidence of the decisions made would complete the audit trail. It is suggested that this is via retained emails or notes are made and electronically approved of the monthly meetings where upcoming investments and the redemption of funds is planned. | |
| | Debtors | Standard risk based review of debtors, including invoice requisitioning, invoicing, debt recovery and monitoring, aged debtor analysis, bad and doubtful debts. | Q3 | The debtors system is designed well with adequate controls in place to mitigate against risk. Guidance is available through the Corporate Credit Policy and Financial Guidance which set out the terms of effective credit management and debtor recovery. Accounts are raised promptly and accurately with payment being correctly credited to customer accounts. There are approved fees and charges that are accurately applied to the debtor account. Credit notes and refunds are initially raised and authorised by the service area and are processed by the Revenues Team. A clear segregation of duties exist, as noted from testing.<br>The EFin system has the functionality to send reminders in line with the Corporate Credit Policy. Aged debt reports are run monthly by an Accountancy Assistant and passed to service area managers to review. There is clear guidance on the | Substantial Assurance<br><br>Number of Actions<br>H-0<br>M-0<br>L-2 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | write off of a debt and this is applied, as identified through testing.<br>Reconciliations are completed and authorised each month.<br>Some areas for improvement were noted. Guidance is available in the form of screen prints for debtor processes, however, there are no detailed guidance notes. Additionally, parameters on the EFin system had not been set up on 'Standing Data' for one customer, thus failing to issue recovery reminders as required by the Corporate Credit Policy. Implementation of the recommendations in the action plan will enhance arrangements and address these risks. | |
| | Housing & Council Tax Benefits | Standard CIPFA risk based review of housing and council tax benefits. | Q3 | The benefits system is designed with controls in place to mitigate the major risks. Claims are verified and processed promptly and accurately. There are business continuity plans in place and IT systems are supported and up to date. Checks are in place to identify errors prior to transmitting payment runs, and management checks are completed on a sample of claims to confirm accuracy of assessment. A suite of performance indicators is in place to monitor the service. Suspected CTR fraud is investigated by the corporate fraud officer. All of these controls were found to be operating effectively to mitigate against key risks.<br><br>Some control weaknesses were found largely due to the service addressing other priorities arising as a result of the pandemic. These were delays in the completion of some reconciliations, and no documented programme was in place for checks of claims, although all high risk claims are prioritised and checked as a matter of course. Implementation | Substantial Assurance<br><br>Number of Actions<br>H-0<br>M-1<br>L-1 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | of the recommendations in the action plan will enhance arrangements. | |
| Strategic & Operational Risks | Covid-19 Risks | 'Flash' audits of dynamic risks arising from the Council's Covid-19 response. To include continuity and recovery arrangements, business grants, new funding, staff well being, governance, financial, productivity. This audit will compliment other strategic and operational risk and ICT audits on the plan which will be looked at with a 'Covid-19 risk lens'. | Q2-Q4 | *Staff Wellbeing*<br>Control measures to mitigate against the risk of staff wellbeing being adversely impacted by the Covid-19 crisis were found to be adequate and effective. A number of good practice areas were noted:<br>• A human resources plan in response to staffing matters associated with the Covid-19 outbreak was quickly established (consulted on with unions and approved by CMT), including counselling services available to provide staff with support and advice.<br>• Regular weekly all staff communications have been maintained throughout the pandemic setting out organisational updates as well as providing clarity on wider (frequently changing) government guidance.  Wellbeing has been regularly cited, including a number of links for mental health.  Communications have been factual, delivered with the right balance of humour, to raise staff morale and have been generally very well received.<br>• Staff wellbeing engagement has been undertaken via a staff survey in May 2020 (results shared in June 2020).  Of the 212 staff members participating, 96% of those felt their managers were understanding about their health and wellbeing and the biggest negative impact was regarding staff missing colleagues and social interactions. Managers reporting to Assistant Directors Group (formerly known as Heads of Service Group) are working on the response to the survey in a 'you said, we did'.<br>• Informal staff engagement has been strong e.g. the use of 'Teams' as a tool for virtual coffee | <br>Substantial Assurance |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | breaks and the recent Macmillan Coffee Morning hosted by Assistant Directors.<br>• Finally, despite the ongoing situation with COVID-19, sickness levels have not suffered a significant impact, but remained constant.<br>As the pandemic enters a 'second wave', coupled with additional pressures on staff wellbeing arising from the winter months and prolonged remote working, the following areas are suggested as forward focus to maintain staff wellbeing:<br><br>• Ensuring that the work streams to address the results of the staff survey are completed and additional snap surveys are undertaken to measure the success of this work and to continue to 'listen' to staff.<br>• Creation of a wellbeing page on Infozone where links to downloadable materials, specialist wellbeing pages and FAQ's, can be accessed e.g. providing support on mental health https://www.mind.org.uk/workplace/<br>• Continue to promote a culture that values individuals and teams (e.g. the 'saying thank you to ... ' in weekly comms, promote informal virtual team engagement over the forthcoming holiday period).<br>• Encouraging staff to focus on their physical health (i.e. via reinforcing government safety measures and other measures e.g. promoting nutrition, fitness and educational content etc.)<br>• Continually keep abreast of, and implement suitable innovative developments to promote staff wellbeing. | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | *Health and Safety*<br>Control measures to mitigate against the risk of potential health and safety failings arising from the Covid-19 crisis, were found to be adequate and effective.<br>A number of good practice areas were noted:<br>• Notifications from Gov.uk have been set up due to the variability of guidance and legislation from the government. Correspondence is received on a daily basis and changes are implemented to ensure risk assessments and guidance are accurate and in line with government benchmarks.<br>• New and safe systems of working are in place within office environments and buildings (Marmion House & Sandy Way Depot). Established one-way systems are in operation with visible signage throughout (floor stickers and posters). Maps are also visible upon entry points with the QR Code also in place.<br>• COVID specific risk assessments have been completed and take into consideration the hazards identified within the different areas. Emphasis has been made on the preventative measures to protect from harm or ill-health e.g. none sharing of bikes for Community Wardens and managing break out areas where furniture configuration has been implemented. Additionally, cleaning procedures are encouraged to sanitise areas in frequent use.<br>• Social distancing is reinforced by utilising floor markings, posters and communications. Office environments have been altered and a 2m distance is in place between | Substantial Assurance |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | workstations. In addition a rota system in place for those wishing to work from the office. | |
| | | | | • Personal Protective Equipment (PPE) although in short supply nationally at the peak of the pandemic has remained constant throughout the COVID crisis. Weekly returns meant adequate supplies were available from Staffordshire County Council to staff and volunteers. At present PPE provisions are based on a 30 day supply including emergency supplies and day to day consumption. | |
| | | | | • Assurance can be given that 'partner' buildings such as Tamworth Castle and Sheltered Schemes are COVID Secure. Risk assessments have been completed and overseen by the Health & Safety Manager. Measures put in place include a reduction in capacity, clear and adequate signage 'Hands, Face, Space', track and trace procedures and closure of some communal areas. | |
| | | | | • With the easing of lockdown restrictions, safety measure should continue to be kept under review and be reflective of national guidance prevalent at the time. For health & safety 'pressure points', such as the forthcoming elections, again safety must be paramount and guidance where available followed. Following the exercise, a 'lessons learned' may be beneficial. | |
| | | | | • Finally, staff resources within the health and safety team should continue to be monitored. The team has been under a great deal of pressure responding to unprecedented health | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | and safety demand arising from the pandemic over the last 12 months, which has understandably impacted on their responsiveness on occasions. *Business Continuity, Emergency Planning and Recovery* The system of internal control for business continuity, emergency planning and recovery were found to be effective during the first waves, indicating a good level of preparedness for subsequent waves/lockdowns. A number of good practice areas were noted: <ul><li>Weekly Strategic Co-ordinating Group (SCG) meetings as part of the wider Staffordshire Local Resilience Forum response via the Civil Contingencies Unit (CCU) were held during the height of the first wave of the pandemic. Staff played a strong role in tactical subgroups which sit under the SCG, which although were stood down for a period over the summer, reconvened for the second wave / lockdown.</li><li>Weekly Strategic Co-ordinating Group (SCG) meetings as part of the wider Staffordshire Local Resilience Forum response via the Civil Contingencies Unit (CCU) were held during the height of the first wave of the pandemic. Staff played a strong role in tactical subgroups which sit under the SCG, which although were stood down for a period over the summer, reconvened for the second wave / lockdown.</li><li>An internal Tactical Co-ordinating Group (TCG) was set up to meet on a regular basis and respond to the COVID-19 pandemic.</li></ul> | Reasonable Assurance |

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| | | | | Loggists were present at each of the above meetings, with actions and decision logs written up. <br> • An audit was undertaken of critical staff within each directorate area to ensure in the early stages there was capacity to work from home, so that critical service delivery could be maintained. <br> • Regularity and effective communications channels was evident via Multi-Agency Intelligence and Communications meetings and <br> regular media releases to update the public on the Council's activity. A number of examples include – weekly newsletters to businesses detailing support, restrictions, guidance etc. #ShopLocal #ShopTamworth and partnering with Staffordshire Growth Hub for a regional video. <br> • The Council participated in the CCU's debrief survey, together with other partners including a 'lessons register'. <br> • Effective reset and recovery arrangements were initially put in place with the Local Resilience Forum Recovery Co-ordinating Group (RCG) which meets monthly and is facilitated by the CCU as well as an internal recovery group, to focus on the Council's recovery work streams (re ongoing support for residents etc.). This work-stream captured learning and innovation from new ways of working / service delivery arising from the initial lockdown and is now an established 'Reset & Recovery' change programme, driving longer-term organisational and service improvement and | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | efficiencies. The CCU recently undertook an assurance review of emergency preparedness, resilience and response, which was presented to CMT on 14 January 2021. While the review gave adequate assurance, a number of areas where identified for improvement. While this assurance audit does not seek to replicate that work, it is recommended that the actions required following that review are addressed to further improve assurance in this area.<br><br>*Business Grant Relief/ Small Business Grant/ Hospitality and Leisure Grant/ Discretionary Grant Awards*<br><br>The system for payment of Covid-19 related business grants was found to be robust. A number of good practice areas were noted:<br>• Publication of grant schemes were made readily available on Tamworth Borough Council's website and Social Media Platforms. Eligibility criteria and signposts to Government guidance was clear and contact details provided for further support. A comprehensive online form was created allowing staff to signpost those eligible for the Small Business Grant Fund (SBGF) and Retail, Leisure & Hospitality Grant Fund (RLHGF).<br>• Extensive measures were undertaken (telephoning all businesses and various social media campaigns) to make contact with a | Substantial Assurance |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | number of business who were also eligible for the above grants but they were uncontactable.<br>• In regards to the Discretionary Grant Fund (DGF), as well as supporting guidance, discretion could be used to support businesses with fixed costs.<br>• Effective eligibility checks were seen throughout the course of delivering grant payments. Guidance from the Government dictated the criteria for the SBGF and RLHGF which was based on Rateable Values of business premises. While checks for the DGF required applicants to send though documents such as bank statements, utilities bills etc. to confirm fixed costs within their businesses.<br>• A segregation of duties existed between the Economic Development and Regeneration Team, Finance Team and Revenues Team. Anti-fraud / corruption measures were also undertaken in the form of Spotlight and NFI checks.<br>• Finally, weekly Delta Returns and monthly Assurance Returns were sent to The Department for Business, Energy & Industrial Strategy (BEIS) to demonstrate the take up of businesses awarded funding.<br>All of the above was done as a new work stream, with little notice, from existing staff resources and with the additional pressure of the Government direction to ensure businesses in need were supported quickly.<br>Of a random sample of Small Business Grant Fund (SBGF), Retail, Hospitality & Leisure Grant Fund (RHLGF), Retail, Hospitality & Leisure Grant Fund | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | (RHLGF), Discretionary Business Grant Fund (DBGF), no exceptions were noted. With the continuation of covid-19 related grant schemes into 2021/22, the following areas are suggested as a forward focus:<br>• By delivering the SBGF and RLHGF an opportunity arose to collate all existing data from the NNDR Database. Monitoring of information held on the systems will ensure eligibility to future grants are completed with ease and less complications.<br>• Continuing to ensure that those teams responsible for grant award delivery work effectively together and are fully appraised of guidance / requirements in good time. Also that resources are kept under review to ensure that delivery teams have sufficient capacity.<br>• Consideration to 'lessons learned' should be given to make future grant awards are effectively delivered | |
| | Risk Management | Review of the adequacy and effectiveness of the Council's risk management policy and system for managing strategic and operational risks. | Q4 | **Draft**<br>The risk management system is designed with controls in place to mitigate the major risks. The Council has an approved risk management policy, although it is out of date (2017). The policy is available to staff on the intranet under the 'audit' pages which may make it more difficult for staff to locate. There is a strategic risk register, which currently includes 7 strategic risks, which include 26 sub risks. Each strategic risk includes the gross and current scores. The Council has identified its risk appetite in the policy as 'red' rated risks and there is currently one strategic sub risk which is outside of | Reasonable Assurance<br><br>Number of Actions<br><br>H-0<br>M-4<br>L-2 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | appetite – welfare and benefit reform.<br><br>The strategic risk register is reviewed quarterly by CMT and Audit & Governance Committee. There is evidence of constructive challenge and scrutiny at the Audit & Governance Committee. Operational risk registers, below strategic level also exist on Pentana.<br>No risk management training has been provided to managers recently but Members have received training on risk as part of the Audit & Governance Committee training session held in November 2020. It is understood that the Council's structure for strategic risks is being reviewed to reflect the current organisation structure and to ensure risk carries the appropriate level of focus. While this work has been delayed until quarter 1 of 2021/22 due to the pandemic, it is in train.<br>Some areas for improvement were identified which should be used in line with the above review and will further strengthen the Council's risk management processes. Notably, ensuring policy and guidance notes are updated and are included in a visible area of the internet which reflects the current functional responsibility, which is within finance. The structure of risk registers held on Pentana would benefit from inclusion of target risk, appetite, their linkage to the corporate strategy and 3 lines of assurance model. Lichfield District Council have recently adopted this structure as an example.<br>The organisation would benefit from embedding a risk management culture, promoting the advantages of risk management as an essential management tool. For example, when CMT review the corporate risk register this could be done as a workshop session, so that they are able to constructively | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | challenge each other's risks, scores, treatment measures and consequences. This in turn could be promoted in management team meetings were sub strategic risks are managed. The organisation is not fully monitoring sub strategic (operational) or project risks and there are out of date registers now sitting on the Pentana system. The Council should set the expectation regarding sub strategic and project risks and a housekeeping exercise conducted on Pentana. Further, in order to 'lean' risk management, the requirement for sub strategic risk registers could sit at AD level and not below (unless felt of benefit). This would assist in rationalising the registers on Pentana. While risks are considered in committee reports and guidance notes exist (although these appear to be out of date), risk is not always fully considered in detail in committee reports. There is little linkage back to the strategic risk register or appetite or scoring. This would also benefit from a review. | |
| | Housing Allocations | Risk based review of the implementation of the new Housing Allocations Policy and systems for monitoring compliance. | Q4 | The Housing Allocations system is designed with controls in place to mitigate the major risks. There is a clear Housing Allocations Policy in place which was approved in November 2019 by Council. The policy was fully implemented in June 2020 following notification to tenants, housing surgeries, market place events and updating information/ website. The policy is available on the Council's website together with the Finding a Home guide. Staff have access to a comprehensive set of procedure notes.<br><br>Housing Applications are evaluated and either awarded a band, or disqualified from the register. The Orchard Housing Management system has been pre-set with circumstances which allocate | Substantial Assurance<br><br>Number of Actions<br><br>H-0<br>M-1<br>L-1 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | banding based on the information input from the application form. Any queries or additional advice is received from the Homes Manager. The applicant has the right to review their band. Applications are subject to an annual review where any change of circumstances can be provided.<br><br>Verification / management checks are undertaken within the housing solutions team.<br><br>Bid shortlists are produced from Orchard. A full verification of the application is completed prior to offering a property.<br><br>Orchard has a series of workflows from registering an applicant and notification of a void through to generating a tenancy. In addition, the team maintain a spreadsheet to monitor the status of properties once known to be vacant.<br><br>Performance Indicators are monitored on the corporate system and are reported through service team and committee meetings.<br><br>Some minor areas for improvement were noted during the audit, namely, ensuring compliance with the Allocations Policy with regards to authorisation when allocating properties to relatives of employees. In addition, procedure notes should be updated to include reference to the verification checks completed for applications and allocations. Implementation of the recommendations in the action plan will enhance arrangements. | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | Reactive Repairs | Risk based review of the system for reactive repairs. | Q4 | The reactive repairs system is designed with controls in place to mitigate the major risks.  Processes are in place to report a repair and these are handled by trained staff through an in-house call centre. Guidance has been provided on the allocation of priority to jobs. Testing confirmed accurate assessment in accordance with the policy.<br><br>Progress of the job is recorded on both the Council's Housing Management System, Orchard and the contractors system, Castleton. Post inspections are completed by the Project Officers and payment on Orchard is authorised by the Senior Project Officer. Customer satisfaction is obtained from tenants and key performance indicators monitor a suite of performance measures including how the report was raised, type of job by urgency, time taken and first right time. Regular meetings are held with the contractor.<br>Some areas for improvement were noted during the audit, namely, procedure notes and the policy should reviewed to ensure current processes are reflected. Repairs identified as the tenant's responsibility should be consistently recharged. Invoices received from Engie should be reconciled to the weekly payment files prior to payment. Meetings held with Engie should be minuted and internal KPI's held on Pentana should be reviewed and updated regularly. Implementation of the recommendations in the action plan will enhance arrangements. | Reasonable Assurance<br><br>Number of Actions<br><br>H-1<br>M-4<br>L-1 |
| | Planned Maintenance | Risk based review of the planned maintenance programme. | Q4 | The planned maintenance system has some good controls in place to mitigate against key risks. The programmes are based on the stock condition survey completed in 2012 and a new survey has been commissioned for 2021/22 and will be used to | Limited Assurance |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | populate a new asset management system. Work on site is well managed, pre surveys and post inspection are done for all jobs. The charges for all jobs are reviewed and authorised by the project officers and the prices paid can be agreed back to supporting evidence.<br>Weaknesses were found within the planned maintenance system. The programme for 20/21 has not been completed, it is noted that Covid-19 lead to a delay in starting the work this year, however it is not possible to establish from the evidence available whether the contract has been managed and monitored sufficiently to ensure that performance has been maximised. There is limited monitoring of progress against plan and a lack of internal performance measures. In addition there is no policy or strategy setting out the council's obligations and some properties were identified which had not been maintained in line with the Decent Homes Standards. Implementation of the recommendations in the action plan will enhance arrangements and address these risks. | Number of actions<br>H-2<br>M-8<br>L-1 |
| | Landlord Health & Safety | Compliance review against the Council's landlord health & safety requirements e.g. gas, fire, legionella, asbestos, electrical. | Q3 | **Draft**<br>The landlord health and safety system is designed with controls in place to mitigate the major risks. Compliance activities are recorded and scheduling facilities act as a prompt for regular inspection. The Orchard Housing Management system is updated with additions and disposals of properties. Leaseholders agree to the Council's right of entry where the entry is in relation to an obligation of the Council.<br><br>Assurance is provided by Morgan Lambert who inspect gas and electric certificates and Zurich who | Limited Assurance<br><br>Number of actions<br>H-3<br>M-12<br>L-1 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | inspect lift maintenance. The contractor, Graham is accredited for fire risk assessment, surveying of asbestos and holds registration with legionella control association.<br><br>Testing noted that fire risk assessments were completed annually, completed gas and electric inspections were confirmed by the relevant certificates and legionella risk assessments have been completed and sample checking is in operation.<br><br>Meetings are held with the contractors regularly, compliance meetings with Engie where gas servicing is an agenda item. As at February 2021, 99.45% of properties had a valid gas safety certificate. A monthly performance meeting is held with Graham where an update report is provided on asbestos, legionella and fire risk assessments.<br><br>A number of areas for improvement were however, noted during the audit. Processes are not documented for all of the health and safety obligations (electric, fires and lifts).  Although there is a fire policy, it is outdated (2017-2020). A prompt receipt and action of remedial works on gas and electric certificates is required. Electrical certificates although completed for all communal properties, there is limited completion for domestic and commercial properties.  Fire risk assessments are completed annually, however there was no evidence provided to confirm that recommendations made in the assessment are managed. Firefighting equipment checks, although an order was raised to complete the work it had not been actioned for some properties tested.  Asbestos surveys and re- | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | inspection documentation is held in a number of locations and not in one complete document. Testing identified, for asbestos surveys that had been recorded as completed, the survey could not be located. Other properties had not been surveyed. Legionella testing is completed however where an issue was identified, prompt corrective action was not consistently seen. One property (closed due to Covid) had orders relating to May 20. Updates on action taken were evident but the issue remains and Covid restrictions will inevitably be eased. There is a performance indicator for gas only, with key performance indicators (KPI's) for electric certificates, lift inspections, fire assessments, asbestos surveys or legionella risk assessment/ sampling not in place.  Relevant staff would benefit from refresher training. Implementation of the recommendations in the action plan will enhance arrangements. | |
| | Assembly Rooms | Risk based review looking at key aspects of the Assembly Room's operations e.g. income, asset management, marketing, stock and inventory management, procurement, security and agility of operations on recovery. | Q4 | Audit postponed to 2021/22 due to the Pandemic. | |
| | Castle | Risk based review looking at key aspects of the Castle's operations e.g. income, asset management, marketing, stock and inventory management, procurement, security and agility of operations on recovery. | Q4 | Audit postponed to 2021/22 due to the Pandemic. | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| ICT | Remote Working | High level risk based review of ICT systems and controls mitigating risks from remote working. | Q2-Q4 | Remote Working<br>Use of mobile devices and remote access should flow from an ICT Strategy that in turn supports the corporate objectives. The IT Strategy was last reviewed in 2018 and an updated strategy that covers the period 2020 to 2025 is yet to be approved by the Council. The 2018 strategy was drawn up based on a completely different operating model to the one the Council has found itself forced to adopt due to the COVID-19 pandemic. The 2018 strategy did not envisage facilitating remote working on the scale that has been necessary. The draft 2020 to 2025 strategy is drawn up on the Digital Themes basis and includes enhanced provision for addressing the challenges created by increased remote and flexible working.<br>One of the key considerations of remote working is the changed risk profile that has to be addressed. To ensure that this is adequately addressed requires a risk assessment to been undertaken and guidance issued and additional controls put in place accordingly. The Council, in line with many organisations found that it needed to implement significant changes to working practices at a pace that would previously not been envisaged or thought feasible. To do this the focus was necessarily on the imperative that maintained operational services of the Council.<br>The Council has not undertaken an IT & Cyber Risk Assessment to support the standard 'Home Working Assessment of Risks' or the outdated Agile Working Policy 01.01.04 that was last reviewed at the end of 2013. Notwithstanding the pressures caused by the pandemic the Council would be well advised to undertake an up-to-date IT Remote working risk assessment against the current and emerging | Reasonable Assurance<br><br>Number of actions<br>H-0<br>M-5<br>L-1 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| Page 42 | | | | threats.<br>General guidance reminding staff of the need to maintain confidentiality in the home environment was covered in a communique of 3rd April 2020 but there has been no structured guidance issued by the Council on how to reduce the IT risks associated with home working such as clear instruction on how to ensure the home WiFi is set up securely and management of equipment and information in the home environment. Cyber threats have increased during the pandemic with a significant rise in Ransomware. Organisations that have followed best practice have added sections on remote working and cyber threats to their websites and intranets, the Council should consider doing the same.<br>From a security perspective the Council does have a number of technical measures in place to protect its IT assets, access to the Council systems by non-managed devices eg: home pc's is via secure VPN and for managed devices use of virtual desktop is employed. However, multi-factor authentication MFA is not standard across all IT assets and systems and control of managed devices (laptops, tablets and mobiles) is not in accordance with currently accepted best practice. It is understood that the Council has just completed a trial of the In-tune mobile device management product, it is strongly recommended that on the basis that the trial was considered successful this moves to deployment without undue delay.<br>It is also an issue that the Council does not have a Data Classification policy in place that considers and includes guidance on communications. With remote working the volume of communications that takes place has been noted to have increased by | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | organisations, while managing access to Council digital assets via secure VPN tunnels and use of remote desktop reduces the cyber threat there is a risk that without a Data Classification policy, sensitive information could be shared in error. It is also noted that the BYOD policy does not specifically address the use by staff of personal cloud storage such as DropBox. Non enterprise versions of DropBox, iCloud and OneDrive do not contain the same levels of security as their Enterprise counterparts, they also give no assurance of the geographical location of the servers that could result in a breach of the Data Protection Act 2018. | |
| | Network Infrastructure | Risk based review of network infrastructure, including access management and security. | | Network Infrastructure<br><br>The IT functions key role is to enable the Council to deliver its statutory services. A key component of this is an alignment of the IT strategy with the Corporate Vision. It is noted at the time of the audit that the IT strategy for the years 2020–2025 is in draft form and due to be presented for approval on 8th April 2021. The Council should look to ensure that the high level IT Strategy reflects the corporate vision to ensure that IT can fulfil its role as an enabler not a driver of services. The IT Strategy should then be used to develop a costed implementation plan to ensure its financial feasibility. The Network Infrastructure provides the framework upon which the Council's digital services reside. Without a well-designed, administered, secure and resilient infrastructure the Council would not be able to deliver many of its services in an effective and efficient manner to the standards expected by the public and Government. | Reasonable Assurance<br><br>Number of actions<br>H-0<br>M-3<br>L-1 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | Our review showed that overall the IT Infrastructure is managed and operated to a reasonable standard and that risks are addressed when identified as indicated by the latest PSN review. The issues identified by the PSN appear, in the main the result of not having the technical tools to hand to enable the Council to proactively monitor vulnerabilities. Current best practice matches known and emerging threat patterns to system vulnerabilities and health. These tools come under a generic tile of SIEM (Security Information & Event Management) in other words they are tools designed to monitor IT systems and match identified vulnerabilities to what are termed Threat Events ie: a database of known and emerging threats. With care in configuration these tools can help IT teams better focus IT hygiene routines and reduce the likelihood and impact of new and emerging threats to the systems and service delivery. The IT function has a compliment of 4 managing a network infrastructure that is based on VLAN's for segregating staff and guest domains. Access to the server room is controlled via swipe card and limited to the IT function and estates. Other IT equipment that is outside of the server room such as the Ubiquiti wireless access points (WAPs) are out of reach have been reconfigured from their default settings to Council requirements as have the Cisco routers and network switches. Access to network and resident applications for staff is granted in accordance with NCSC (National Computer Security Centre) guidance. In respect of members of the IT function each have privileged access levels that enable system wide, in | |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | depth access, this is required to enable to discharge their duties. This is not uncommon in small IT functions where specialisation and segregation is not practicable, however, where this occurs best practice advises that activity is logged and monitored, this currently is not in place at the Council. The Council has an annual external and internal penetration test as part of the PSN review but it does not run regular vulnerability scans. Many people confuse penetration test with vulnerability scans. However, the two are very different with the former being an invasive set of tests designed to exploit weaknesses caused by unpatched servers, applications and weak passwords, both systems administration and user. A vulnerability scan is a non-invasive scan of provided IP addresses to highlight known weaknesses and vulnerabilities. The Council currently does not conduct regular vulnerability scans, but would be advised to do so. | |
| | 'Patching' and Change Control | Risk based review of the Council's systems for patching | | <u>'Patching' and Change Control</u><br>One of the key components to delivering a secure, efficient and effective IT service is having in place a robust approach to patching & change control. This approach requires a detailed understanding of an organisations information systems and having in place a toolset that will provide monitoring information of sufficient granularity to identify vulnerabilities in operating systems and key applications.<br>The Council no longer develops its own in-house systems so the need for a traditional Change & Configuration Management policy and process is much reduced as reliance is placed on third party providers for this function. The IT function has | Reasonable Assurance<br><br>Number of Actions<br>H-0<br>M-2<br>L-0 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | responsibility for the network infrastructure with ownership of many of the Councils key systems resting with the business and the application hosting provider. The provider provides the patching and change management function in respect of these systems. There is a deployment protocol in place with third parties to minimise the risk of impacting on the network and dependant systems when significant upgrades to these applications take place. | |

Changes are managed through the Council's Service Desk using the Sunrise IT Service Management solution. The IT function use the Microsoft patching tool SCCM to implement the patching policy for core servers (monthly) and Windows updates (weekly). The Council's policy complies with what is regarded as the standard approach of applying critical patches immediately and evaluating non-critical patches to ensure that if and when applied they will deliver a benefit and not adversely impact systems and service delivery.

The use of Microsoft SCCM is perfectly adequate for the deployment of patches but the issue for the Council is the current inability to be more proactive. Best practice requires that organisations implement systems and processes to both monitor the IT environments health and operating efficiency while at the same time matching known and emerging threats that take advantages of previously hidden weaknesses and vulnerabilities. These tools come under a generic tile of SIEM (Security Information & Event Management) and they are tools designed to monitor IT systems health and match identified vulnerabilities to what are termed Threat Events ie: a database of known and emerging threats. With care in configuration these

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | tools can help IT teams better focus IT hygiene routines and reduce the likelihood and impact of new and emerging threats to the systems and service delivery. While historically the current process for applying Windows updates to PC's and laptops has been functionally acceptable the increase in remote working brought about by the pandemic has highlighted issues with ensuring that remote machines receive security patches in line with Council policy. The Change Management policy includes approval, back-out planning and review processes. | |
| | I-Trent Application (previous year audit) | Risk based review of controls governing access and use of the I-trent (payroll) application. | | This audit was carried forward from 2019/ 20 plan. It concluded that the majority of the key controls are in place. However the following need to be addressed:<br><br>• User reviews, including access, are not being completed on a regular basis.<br><br>• Management / audit logs for key activity are not proactively reviewed.<br><br>• Testing highlighted that the upgrade completed in January 2020 was not authorised on the internal ICT change management system (Sostenuto).<br><br>• The ICT document (E19 TBCIUNCS30301 - Planning & Implementing New or Changed Services – dated 2013) relating to the processes to be followed when completing upgrades / applying patches should be updated.<br><br>• Documentation relating to agreed configuration is not available.  In addition to this other technical documentation i.e. which relates to operations, including recovery / restart tasks, are not available.  User documentation, to support tasks | Reasonable<br><br>Number of Actions<br>H-2<br>M-4<br>L-4 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | | | | completed, does not consistently included version control / management information.<br><br>• A library of reports used is not being maintained i.e. report purpose / description, recipients and frequency of use.<br><br>• Lack of documentation relating to access levels available.<br><br>Based upon the findings, the overall opinion for this review is REASONABLE at this time. | |
| Governance Fraud & Other Assurance | Pensions | Assurance statements to Staffordshire County Council / accounts preparation. | Q4 | Controls are in place to mitigate against key risks. The employee and employer contribution rates have been set within the system parameters correctly. Testing completed on a sample of employees found that employee pension contributions have been deducted on the correct elements of pay, including overtime and the correct percentage has been applied in accordance with the employee contribution banding table. Employer pension contributions are calculated in accordance with the current rate on the pensionable pay. Adjustments are made for Assumed Pensionable Pay (APP) for sickness and child related pay in line with the requirements. Employees CARE pay is recorded correctly on the Leavers forms, and contributions are paid over to the pension fund each month correctly, in full.<br><br>One minor issue was found where the APP adjustment processed for one employee who was on reduced pay due to sickness, did not update the pensionable pay correctly and the employer's contribution was incorrect. Implementation of the recommendation in the action plan will enhance arrangements and address these risks. | Substantial Assurance<br><br>Number of Actions<br>H-0<br>M-1<br>L-0 |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | Disabled Facilities Grant | | Q4 | Some controls were in place to mitigate against key risks. The Millbrook case management system has an electronic record of all clients, with documents to support the grant and notes which detail the progress and completion of works. Testing of a sample of 6 found that grants were awarded in line with the grant conditions. Land charges are added to properties where required. The DFG monies due to TBC have been received and the unspent funds from 19/20 were carried forward in to 20/21 correctly. Weaknesses in the application of controls were however found. Documents are missing from the Millbrook system, therefore the audit trail is not complete and it cannot be evidenced that grants are being processed and paid in line with the agreed procedures and best practice. Monitoring of the contract is limited and checks are not being completed to ensure that the DFG funds advanced to Millbrook reconcile to the grants awarded and paid out. Implementation of the recommendations in the action plan will enhance arrangements and address these risks. | Limited Assurance<br><br>Number of Actions<br>H-2<br>M-0<br>L-0 |
| | Municipal Charities | | Q4 | Complete. | N/A |
| | 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 | Counter fraud checks on Business Grant Relief / Small Business Grant / Hospitality & Leisure Grant / Discretionary Grant Awards claims. Preparation of data sets for the National Fraud Initiative 2020 national exercise. See counter fraud update report. | N/A |
| | Annual Governance Statement | Production of the AGS. | Q1-Q2 | Complete. | N/A |
| | Annual Audit Opinion | Production of the Annual Audit Opinion | Q1-Q2 | Complete. | N/A |
| | Management | Management, planning and | Q1-Q4 | Complete. | N/A |

| Assurance | Audit | Scope | Planned Quarter | Assurance Summary | Assurance Opinion |
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| | and Planning | assurance reporting to CMT and Audit & Governance Committee | | | |
| | Ad hoc / Contingency / Consultancy | Contingency allocation to be utilised upon agreement of the Chief Finance Officer | Q1-Q4 | Complete. | N/A |
| Follow Up of No and Limited Assurance Opinion Audits | Corporate Business Continuity | Limited Assurance follow up. | Q4 | Covid-19 Assurance Review – Reasonable Assurance | Closed |
| | Property Contracts | Limited Assurance follow up. | Q4 | To undertake in Q1/2 2021/22 | |
| | Cyber Resilience (Limited Assurance) | Limited Assurance follow up– last recommendation implementation date December 2020 so not yet started. | Q4 | To undertake in Q1/2 2021/22 | |
| | Data Protection (Limited Assurance) | Follow Up – last recommendation implementation date November 2020 so not yet started. | Q4 | To undertake in Q1/2 2021/22 | |
| | Housing Regeneration & Affordable Housing | No Assurance (Implementation Review) follow up. | Q3 | Complete. One high priority recommendation on this audit (that a risk register be put in place). Risks associated with housing regeneration and affordable housing are now included within the corporate risk management process. As a result, a revised opinion has not been issued on this audit, the audit is instead closed. | Closed |
| | Street Scene | Limited Assurance (Implementation Review) follow up. | Q4 | To undertake in Q1/2 2021/22 | |

**Appendix 02: Assurance and Recommendation Classifications**

| Overall 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. |

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

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