

Internal Audit Progress Report (Quarter 4)
April 2023



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In the event of any questions arising from this report please contact Andrew Wood, Audit Manager andrew-wood@tamworth.gov.uk

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 INTRODUCTIO

NBACKGROUND

This report summarises internal audit activity and performance for the period to 31 March 2023.

SCOPE AND PURPOSE OF INTERNAL AUDIT

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

This progress report and opinion forms part of the framework of assurances that is received by the Council and is 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 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 2022/23 was approved by the Audit & Governance Committee at its meeting in March 2022. The plan was for a total of 18 audits. To the end of quarter 4 2022/2023 we have completed 89% of the audit plan. An analysis of audit plan completion and indicatively planned audits is shown in the table below;

	Q1	Q2	Q3	Q4
Number of audits allocated per quarter	3	4	8	3
% of plan	17	22	44	17
Cumulative audit plan %	6	28	35	89

Planned work initially envisaged that by 31 March 2023 we would have completed 100% of the Audit Plan, actual out turn figures show that we have completed 89% of the expected plan, compared to the 90% target.

Quarter four work has continued, completing annual reports, compliance statements and supporting counter fraud checks on Coronavirus Business Grants and Energy Rebates.

Both the general auditor support and BDO were completing their reviews in accordance with the planned work.

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 and the progress made this year is included at **Appendix 01**.

03 OPINION

SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, the 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 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.

INTERNAL AUDIT OPINION

On the basis of audit work completed, the Audit Manager’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.

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Specific Issues

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

Fraud & Irregularity

No matters of fraud or irregularity have been reported during the period. Also see the fraud update on this Committee’s agenda.

Consultancy & Advice

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

- Attending disabled facilities grant working group;
- Test and Trace assurance statement; and
- Protect and Vaccinate assurance statement.

04 Follow Up

As previously agreed by the Committee, 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 3 are 66 (12 high, 34 medium, 20 low) of which 51 are overdue (7 high, 28 medium, 16 low). During 2022/23 the Audit Manager continued to hold quarterly meetings with all Assistant Directors to review all outstanding recommendations. This has shown a specific improvement in the implementation and the number of recommendations, over time, has been shown within **Appendix 3**. It should be noted that currently there are no repeat recommendations on the system for addressing by management. This shows in tabular graph form the progress regarding the number of outstanding audit recommendations over time.

The Audit Manager is currently holding meetings with all Assistant Directors to review outstanding recommendations as at 31 March 2023 and will complete this work by end of June 2023.

Priority of Recs	Number of O/S recs – 31 Dec 2022	Number of recs closed during the period Dec 2022 – Mar 2023	Number of additional recs made during Q4	Number of current O/S recs as at 31 Mar 2023	Overall movement of rec numbers during the quarter 3
High	13	5	4	12	-1
Medium	48	14	0	34	-14
Low	21	4	3	20	-1

As at 31 March 2023 there were 12 high priority recommendations outstanding however of these 7 were overdue and these are being followed up during May/June 2023 as part of the Quarter 4 review with Assistant Directors.

The current high priority recommendations which are overdue relate Housing Repairs (1), PCI DSS (3), Data Protection (1) Landlord H&S (1), Procurement (1), Climate Change (4) and GDPR (1). In all cases progress is being made on these recommendations and implementation will be reported to this committee.

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

- Complete 90% of the audit plan - 89% relates to assurance work completed.
- 100% Draft reports issued within 6 weeks of start date – 31%
- 100% Closure meetings conducted within 5 days of completion of audit work – 77%
- 100% draft reports to be issued within 10 working days of closure meeting – 69%
- 100% of all high priority actions are implemented at follow up – 100%
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up – 100%
- Achieve an average customer satisfaction score of 4 or more – 100% (6 out of 10 returned)


Appendix 01: Summary of Internal Audit Work Undertaken


Assurance	Audit	Scope	Indicative Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Council Tax	Risk based review covering the adequacy and effectiveness of controls around the maintenance of systems, billing, discounts and reliefs, collection, refunds and write offs.	Q2	<p>We have reached the overall opinion that the Council have substantial controls in place for the management of Council Tax, including charging customers accurately, applying discounts and recovering invoices. Refunds were also processed correctly and in line with the Council’s financial policies, with refunds approved appropriately.</p> <p>Some issues were identified around the lack of segregation of duties for preparing and reviewing reconciliations between the VOA records and Academy account data, driven by staff resourcing issues. However, it does aim to rectify this as soon as possible. The Corporate Credit Policy was also out of date and processes to review single person discounts on an ongoing basis through the NFI scheme.</p>	 <p>H-0 M-0 L-3</p> <p>Substantial Assurance</p>
	Payroll	Risk based review to ensure controls in place for the timely and accurate payment of salaries and subsistence allowances to staff and members. To include, new starters, leavers, accounting for tax and deductions.	Q3	<p>The Council have substantial controls for its management of its payroll function.</p> <p>There are automatic controls for calculating employee’s pay based on the salary that is input into i-Trent by the Payroll Team. Our review of new starters, leavers and changes to the payroll identified that these were input accurately, resulting in staff being paid the correct amount.</p> <p>Similarly, automatic workflows are embedded in i-Trent for expense claims to be authorised. The Payroll Team also undertake a check of 10% of claims to confirm that they were for allowable items.</p> <p>The payroll reports were checked by separate officers in the Payroll Team and the Finance team reconciled i-Trent to e-Financials.</p> <p>Overall, there were robust controls in place for managing payroll and our review identified that these were administered accurately.</p>	 <p>H-0 M-0 L-0</p> <p>Substantial Assurance</p>



	Housing Rents	Risk based review of housing rents system to ensure correct rent charged, payments recorded, rent accounting systems are accurate. Controls in place for the setting up of rent debit.	Q3	<p>The system has some good controls in place to mitigate against key risks. New tenancies tested confirmed that rental charges had been set up correctly to the rent stated in the tenancy agreement. Rent had been correctly increased in April and in-year rent changes had been calculated and correctly updated based on the affordable rent requirements. Changes to properties including acquisitions and disposals had been updated on the Orchard system. There is a detailed process for calculation of service charges for leaseholders and rents, based on actual costs and recharges of resource time. Calculated charges had been correctly raised either through the Orchard system or the E-fins invoicing system. Income received through AIM had been correctly and promptly posted to the tenancy.</p> <p>An affordability checklist is completed on all new tenancies and it was evident through arrears testing that support is provided to the tenant through internal advice or referral to external agencies. Arrears are regularly monitored and reported as is rental income. Write offs are processed quarterly and had been approved according to financial guidance. Reconciliations to ensure financial information is correctly stated are completed regularly, including E-financials, Orchard and AIM.</p> <p>The weaknesses found within the rents system include an update of the rent collection prevention and recovery procedures and the procedure monitoring spreadsheet. Prompt return of signed tenancy agreements and clearing of the rent suspense account. Arrears action to be undertaken consistently and former arrears from flexible fixed tenancies to also be actioned.</p>	 <p>H-0 M-7 L-2</p> <p>Reasonable Assurance</p>
	Business Grants	Risk based review grants allocated to businesses to ensure compliance with award criteria and accurate/robust payment systems in place and operating. Proactive assessment processes in place prior to grant award. Robust processes in place for the repayment and recovery of grants.	Q1-Q4	Audit deleted from plan and replaced with review of Agency Staffing arrangements	

	Agency Staff	Risk based review of the arrangements for appointment and monitoring of Agency Staff.	Q4	<p>The system has some good controls in place to mitigate against key risks.</p> <p>A business case is completed and approved. These were seen for all the agency staff tested. The recruitment for temporary agency staff form was completed for all staff. Agency staff personal details are obtained, and staff had undertaken an induction which included reference to the Council's code of conduct and corporate training of policies/ procedures. Training was provided either in person or through Astute. Performance was monitored by the Manager who agrees workload and hours worked prior to approval for the payment of the invoices.</p> <p>Some weaknesses were identified which included the recruitment of temporary agency staff form not being fully completed, particularly the clearance checks required to be completed by the agency. A DBS check had not been evidenced by the agency for any of the sample tested. Declaration of interest/ secondary employment forms are referred to in the code of conduct which staff are made aware of at induction. Two induction forms did not provide evidence that the code of conduct had been discussed. In addition, two booking forms/ contract for agency staff could not be located.</p> <p>Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	 <p>H-1 M-3 L-0</p> <p>Reasonable Assurance</p>
Strategic & Operational Risks	Cemeteries	Risk based review of the cemetery operations to ensure compliance with Health & Safety requirements, together with overall management controls of the service.	Q1-Q4	<p>The system has some good controls in place to mitigate against key risks.</p> <p>Training has been provided to staff via an external provider and is regularly refreshed. Risk assessments are completed annually for cemetery related tasks and use of equipment. Equipment is certified as in good working order each year, with equipment rotated to prevent wear and tear. Testing confirmed that all income due has been received and at the correct fee. Documentation in relation to burials, cremations, pre-selects and memorials was in place. Grave maintenance records are completed which include the grave size to be dug; sizes agreed to those provided by the funeral directors. Grave sizes are independently checked for size prior to the burial/ cremation. Cemetery maps were updated with both burials and preselects details. A 6-month check of the grave is completed. Memorial applications are required to use accredited stonemasons and approval</p>	 <p>H-0 M-7 L-2</p> <p>Reasonable Assurance</p>


				<p>is received through a permit issued by the cemetery officer.</p> <p>The weaknesses found within the cemeteries system included the requirement to document a workflow for all processes, staff cover for absences to be addressed, retention of documentation in one location and recording receipt for all income, restricted access to amending records, consider enforcement action/ revision of regulations for non-compliance with the cemetery rules and documenting memorial safety testing policy/ procedure.</p> <p>Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	
	Recovery and Reset	Programme assurance based review of Recovery and Reset programme. Programme assurance includes programme planning, governance structure and controls, delivery,	Q3	Audit fieldwork completed and draft report issued to management for comment to recommendations made.	


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.			
	Future High Street Fund	Programme assurance review (as recovery and rest above) of progression towards transformation of the town centre following the £21.65m allocation of Future High Street Funding.	Q3	Reviewed as part of Major Projects Review/Project Management Review. See Project Management Review below.	
	Housing White Paper – follow up	Risk based review of organisation implementation for new regulatory inspection regime.	Q3	<p>While the Council at this stage cannot demonstrate that it meets the requirements of the White Paper, assurance can be given that the design of controls is adequate and demonstrates that preparations are in progress to ensure that the requirements of the paper will be considered, evaluated, monitored and actioned. There is an awareness of the White Paper and revised inspection regime. Staff, Members, and tenants have been updated on the preparedness for meeting requirements in the Social Housing (regulation) Bill. Audit noted that agenda items for the Cabinet, Corporate Scrutiny and Homeless Prevention and Social Housing Sub-Committee included self-assessment compliance, improvement plan and resourcing requirements.</p> <p>The chair and vice chair of the Tenant Consultation Group have been nominated to attend the Homeless Prevention and Social Housing Sub Committee.</p> <p>YD Consultants were appointed to complete the self-assessment work. The work undertaken by the consultants consisted of an initial desktop document review and meetings with Councillors, senior management, officers and tenants. The self - assessment against the five consumer standards, was undertaken.</p> <p>Home Standard Tenancy Standard Neighbourhood and Community Standard and Tenant Involvement and Empowerment Standard Rent Standard.</p> <p>For each of the consumer standards a set of actions required has been identified. The improvement plan includes actions prioritised into</p>	 <p>H-0 M-0 L-0</p> <p>Substantial Assurance</p>


			<p>red, amber and green. The plan does not include a target date or owner. The improvement plan was reported to Cabinet in November 2022.</p> <p>A budget allocation of £100k to resource the self-assessment program and its implementation has been approved by Cabinet and included as a proposed policy change to Council as part of the Budget 2023/24 approval. It is anticipated that the co-ordination of the Assistant Director Neighbourhoods as a Project lead, Tenant & Leaseholder Regulatory Manager and dedicated ICT resource requirement be required for up to two years.</p> <p>At this stage in the project, there are no weaknesses identified in the operation of the controls that need to be addressed. However, whilst an improvement plan has been developed there is no target date or owner for the actions. A financial allocation has been approved by Cabinet, however the resource has not been decided, whether it be through internal staff or the use of external consultants. Until the action plan has measurable timescales, a Project Initiation Document and plan cannot be finalised. Governance arrangements are still to be decided.</p> <p>We understand from key staff and note from a review of the Cabinet Forward Plan that these matters will be addressed and reported to Cabinet in April 2023. Once a defined plan with resource allocations and governance arrangements are in place, the Council should progress to ensure the White Paper requirements are implemented. This should be the forward focus during 2023/24. A further audit will be undertaken during 2023/24 to assess the progress of the preparations.</p>	
	<p>Climate Change</p>	<p>Risk based review looking at the Council's preparation to de-carbonisation / climate change agenda.</p>	<p>Q1 We have reached the overall opinion that the Council's controls to support climate change management were limited, with no strategies or action plans in place to meet its net zero carbon target by 2030, or its legally binding target of 2050. A policy change has been submitted to provide additional resourcing for managing climate change, but this has not yet been finalised. It should also be noted that the Council only published a baseline report in September 2022 quantifying the existing impact that the Council's activities have on the climate. However, key performance indicators (KPIs) have not been developed to monitor the Council's performance on</p>	 <p>H-4 M-0 L-0</p> <p>Limited Assurance</p>

				reducing its emissions. Similarly, cross-departmental working groups have not been established to support a Council-wide approach towards reducing carbon emissions through its selection of suppliers and services it provides.	
	Income Management	Risk based review of the Council's controls around the management of income throughout the Council is ensure that this collected in a robust manner that accounts for monies received.	Q4	Audit in progress, fieldwork completed during April to May 2023.	
	Project Management	Programme assurance based review of Council's Project Management systems. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.	Q3	Overall, the Council have reasonable controls in place to support project management. While the lack of a project management framework and project documentation templates could cause inconsistent approaches, our review of three transformational projects identified that they were managed reasonably. Furthermore, the Council do not have a central project management/support team to guide and advise project managers, which has led to resource challenges and some delays in projects. However, there were robust arrangements in place to support financial monitoring and risk management of projects, including with external third party specialists for the Future High Streets Fund, which is a key strategic project. Furthermore, governance of projects was adequate and proportionate to the project value in all three projects that we reviewed.	 H-0 M-2 L-0 Reasonable Assurance
	Landlord Health & Safety	Compliance review to ensure that the Council maintains compliance	Q1	<p>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. Task scheduling and documents such as risk assessments are held on the Zetasafe system.</p> <p>Assurance is provided by Morgan Lambert who inspect gas and electric certificates and Zurich who inspect lift maintenance. The contractor, Graham is accredited for fire risk assessment, surveying of asbestos and holds registration with legionella control association.</p> <p>Testing noted that fire risk assessments were completed annually, completed gas and electric inspections were</p>	 H-1 M-8 L-2 Reasonable Assurance


			<p>confirmed by the relevant certificates and legionella risk assessments have been completed. Firefighting equipment checks are completed annually, and jobs raised to rectify any remedial action. Lifts and stairlifts have been serviced in accordance with the schedule.</p> <p>Meetings are held with the contractors regularly, compliance meetings with EQUANs fortnightly and Graham, monthly. Agenda items include servicing programme, remedial actions, action monitoring tracker status.</p> <p>The weaknesses found within the landlord health and safety system included obtaining confirmation that remedial action has been undertaken following on from fire and legionella risk assessments and EICR's (requesting new certificates). Information was requested in relation to the systems in place for empty properties to confirm compliance with the legionella policy. Although some documents and an overview were provided, more detail and clarification was requested but not provided during the course of the audit.</p> <p>Additional areas of control weakness were also identified. There were two void properties that had not had an asbestos survey completed during the void period. The asbestos policy needs reviewing to align to current practice. Legionella required actions should be updated on the Zetasafe tracking system. There is a performance indicator for gas and electric only, with key performance indicators (KPI's) for lift inspections, fire assessments, asbestos surveys or legionella risk assessment/ sampling not in place. New tenants would benefit from documented responsibilities in relation to asbestos, gas and electric management. Relevant staff would benefit from refresher training. Implementation of the recommendations in the action plan will enhance arrangements.</p>	
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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		with relevant H&S legislation as it affects; asbestos, lifts, fire assessments and general H&S within housing stock – electrical/gas.			
	Events Management	Risk based review looking at key aspects of the council's operations in relation to the management of events, to include; bidding for external events, management of internal events.	Q2	Deferred through to 2023/24.	
ICT	Web Portals	ICT review of the development and management of web portals to ensure that this is developed and rolled out in a consistent and managed manner. To ensure that web portals do not place Council systems at risk. Web Portal management is maintained and regularly updated.	Q2-Q4	<p>The MyHousing and MyTamworth web portals are accessible from the "Do it online" area of the corporate website. Users who want to access their housing or council tax records have to create an account on the relevant portal and the process for doing this is clear. All new users have to provide certain information in order for their accounts to be validated and all accounts are password protected. We identified some weaknesses over password security and user authentication which need to be addressed.</p> <p>The default access provided to new users is limited on both portals, until their accounts are validated. The MyHousing portal has a report which shows when users have logged in but it does not report on failed logins or on what activity the user has performed. The MyTamworth portal has a report on user activity but it does not report on logins or failed logins. The lack of available reports on failed logins on both portals could lead to security incidents going undetected.</p> <p>Both portals validate all data input for completeness and accuracy. There are also processes for ensuring all reports/tasks generated on each portal go to the right team for actioning.</p> <p>The two portals are accessed over a secure and encrypted network connection. The MyTamworth portal is managed by ICT Services and has a level of security to protect against cyber-attacks, although we have identified areas where this can be further strengthened. A new hardware platform is being implemented for the MyHousing portal, soon to be managed by ICT Services, and it should be security hardened during the build</p>	 <p>H-0 M-7 L-10</p> <p>Reasonable Assurance</p>

				<p>process.</p> <p>There is an accessibility statement on the main corporate website but we found that the two web portals are not tested for compliance with accessibility standards. There is a privacy and cookies policy on both portals.</p>	
GDPR	A risk based review to ensure compliance with GDPR legislation across the authority.	Q2-Q4	<p>There is a documented and approved Data Protection Policy in place, which is generally comprehensive although we found that it is not published. The corporate data retention schedule is still in draft and there are no procedures for ensuring it is adhered to in service areas.</p> <p>The Information Governance Manager is the council's designated Data Protection Officer (DPO) and the responsibilities of the DPO are documented in accordance with GDPR Article 39. The UK GDPR states that the DPO should report to the highest level of management and this is met via a reporting line to the Assistant Director – People, although this is not formally defined and thus should be included in the Data Protection Policy for transparency. All staff are required to undergo mandatory training on GDPR and our testing found that the majority of staff completed it in 2018. The training is not refreshed and hence there is a risk that staff are unaware of their data protection responsibilities.</p> <p>The biggest risk identified is that the council do not have a formal Record of Processing Activities (ROPA), which is a mandatory requirement and underpins the data protection compliance regime. The ROPA logs what personal data is held, why it is processed, the lawful basis for processing and other key information. Copies of contracts used with data processors were not available for us to review and confirm they include the required GDPR clauses.</p> <p>Privacy notices, or fair processing notices as they are sometimes known, are included on the corporate website. A review of a sample of notices confirmed they include the relevant information but we found they have not been reviewed since May 2018. The main privacy notice still refers to the Data Protection Act 1998. A sample test of online forms on the website found they do not have a privacy notice and paper forms that collect personal data</p>	 <p>H-1 M-6 L-3</p> <p>Limited Assurance</p>	

				<p>have also not been reviewed to ensure they have a suitable privacy notice.</p> <p>There are procedures in place for dealing with subject access requests (SAR's), however, they are not documented. A review of a sample of recent SAR's confirmed they had been responded to within the one month deadline imposed by UK GDPR.</p> <p>There are documented procedures for dealing with data breaches, which include reporting serious breaches to the ICO within 72hrs. There have been two such reports in 2022. We have identified minor control weaknesses that should be addressed to improve breach reporting procedures.</p> <p>There is a documented procedure for performing a Data Protection Impact Assessment (DPIA). Roles and responsibilities for completing DPIA's are not defined, which could lead to them not being completed for all projects involving the processing of personal data.</p>	
	Disabled Facilities Grant	Assurance Statement	Q3	Assurance work required for certification sign off	
	Municipal Charities	Preparation of municipal charities accounts	Q3	Accounts produced for 202- and 2021. 2022 accounts being currently completed.	No assurance required.
	Pensions	Assurance Statement	Q4	<p>We have reached the overall opinion that the Council's controls for its management of pensions was Substantial. The Council have clear policies and procedures which outline the pensionable elements of pay and the employee contribution rates, which are set by the Pension Fund. These were administered correctly, with staff being added and removed from i-Trent and deductions from the payroll were made accurately. Similarly, temporary changes to pay, including overtime, absences or maternity pay were treated correctly for pensions, resulting in either deductions or increases in the contribution rates. We identified one instance where a new starter's pension contribution for back-pay in their first month was charged at the incorrect band.</p> <p>However, the Payroll Team had adequate processes in place to support the pension payments process.</p>	 <p>H-0 M-0 L-1</p> <p>Substantial Assurance</p>

	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	On-going	
	Annual Governance Statement	Production of the AGS	Q1-Q2	AGS fully completed and reported to Audit & Governance Committee for 2021/22.	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Annual Audit Opinion	Production of the Annual Audit Opinion	Q1-Q2	Complete	
	Management and Planning	Management, planning and assurance reporting to CMT and Audit & Governance Committee	Q1-Q4	On-going	
	Ad-hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer	Q1-Q4	On-going	
	IA QAIP and PSIAS	Review of PSIAS standards and review	Q3	Complete	
Additional Assurance Reviews requested by management	Protect and Vaccinate	Assurance review to enable sign off by the Chief Executive and S151 Officer		Complete	
	Test and Trace	Assurance review to enable sign off by the Chief Executive		Complete	
21/22 Planned Audits finalised	NNDR	Risk based review of NNDR including assurance over the adequacy of controls around the maintenance of systems recording taxable properties and liable persons, billing, discounts and reliefs, collection, refunds and write offs.		<p>Controls were in place to mitigate against key risks. The Academy System maintains a record for each account of the total amount of income due to be received based on the rateable value of the property and any discounts/exemption if applicable. In addition it maintains a record of all transactions relating to bills issued, refunds made and income received, including if any reminder letters have been sent or summons issued. Sample testing relating to discounts/exemptions, refunds and arrears was conducted. In all cases appropriate documentation had been maintained to support the transactions and, where appropriate, action relating to arrears had occurred.</p> <p>A reconciliation of daily NDR income received is conducted between the Academy System and the Aims System. A sample of 10 daily reconciliations were reviewed. In all cases any discrepancy had been investigated and the reason for the discrepancy noted. In addition a monthly reconciliation of NDR Income received is carried out between the Academy system and the General Ledger. Four reconciliations were reviewed and in all cases no differences had been noted and all the reconciliations had been appropriately completed and authorised.</p>	 <p>H-0 M-0 L-2</p> <p>Substantial Assurance</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>In addition, reconciliations of the total Rateable Value are carried out between the Academy system and Valuation Office listings and reconciliation details are appropriately maintained. For a sample of 5 VO lists there were no discrepancies identified. A secondary check had also been conducted for all cases where there had been a change in the Rateable Value compared to the previous list.</p> <p>As per the previous audit report five recommendations had been made, out of which two were not agreed. For the three that had been agreed, it was confirmed that two had been actioned. However, one relating to periodic reviews of discounts applied had not been actioned and therefore the recommendation has been reiterated.</p> <p>It was also noted that no current year write offs had been processed and an appropriate recommendation has been made.</p>	
	Assets and Inventory	Risk based review covering the adequacy and effectiveness of controls regarding the Council's assets and inventory.		<p>The audit was completed on five service areas (Sheltered Housing, Marmion House/Town Hall, TEC, Castle and IT). Information was not provided to the auditor for the Assembly Rooms, Street Scene and Leisure.</p> <p>The asset and inventory system is designed well with controls in place to mitigate against the risks. Assurance can be given that the design of controls is adequate and the controls were found to be operating effectively.</p>	 <p>H-0 M-4 L-2</p> <p>Reasonable Assurance</p>

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>The requirements of managing assets and inventory is noted in the Council's Financial Guidance Section C 11.</p> <p>Service areas maintain records of equipment required to carry out their functions. The Council Asset Register is maintained in the Asset Manager system and access is restricted to Finance. The Asset Register is updated annually, service areas update their inventories at the time of any additions or disposals.</p> <p>The Council Asset Register is maintained by the Assistant Director – Finance and is updated once a year as part of the Final accounts process although other registers such as Insurance Register are updated as and when necessary throughout the year. Again, as part of final accounts process asset users are asked to verify that they still have and use the assets allocated to them. All responses from managers are collated by the Assistant Director Finance</p> <p>Property is secured when not in use as appropriate, locked rooms, CCTV, alarm systems, keys locked in secure cabinets. IT equipment is tagged with pre-printed numbered tags that cannot be easily removed.</p> <p>Some areas for improvement were identified. Inventory records are not fully completed and lack detail as required in the Financial Guidance. The IT Asset Register did not include detail of the employee allocated the equipment. The replacement of equipment is not reflected as a disposal / addition to the record. There was no evidence to confirm that an annual verification of inventory had been completed. Inventories are not consistently security marked.</p> <p>Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	

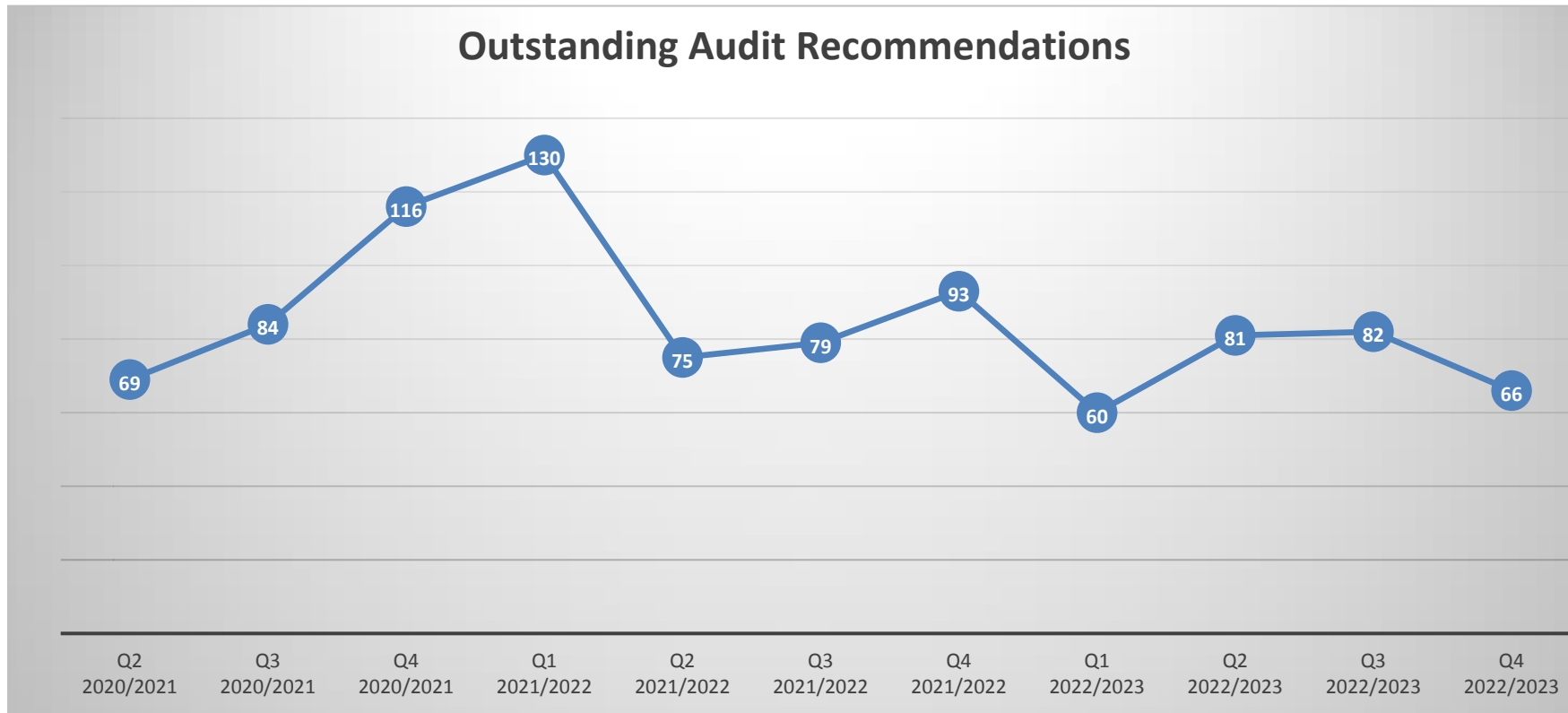
Appendix 02: Assurance and Recommendation Classifications

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.

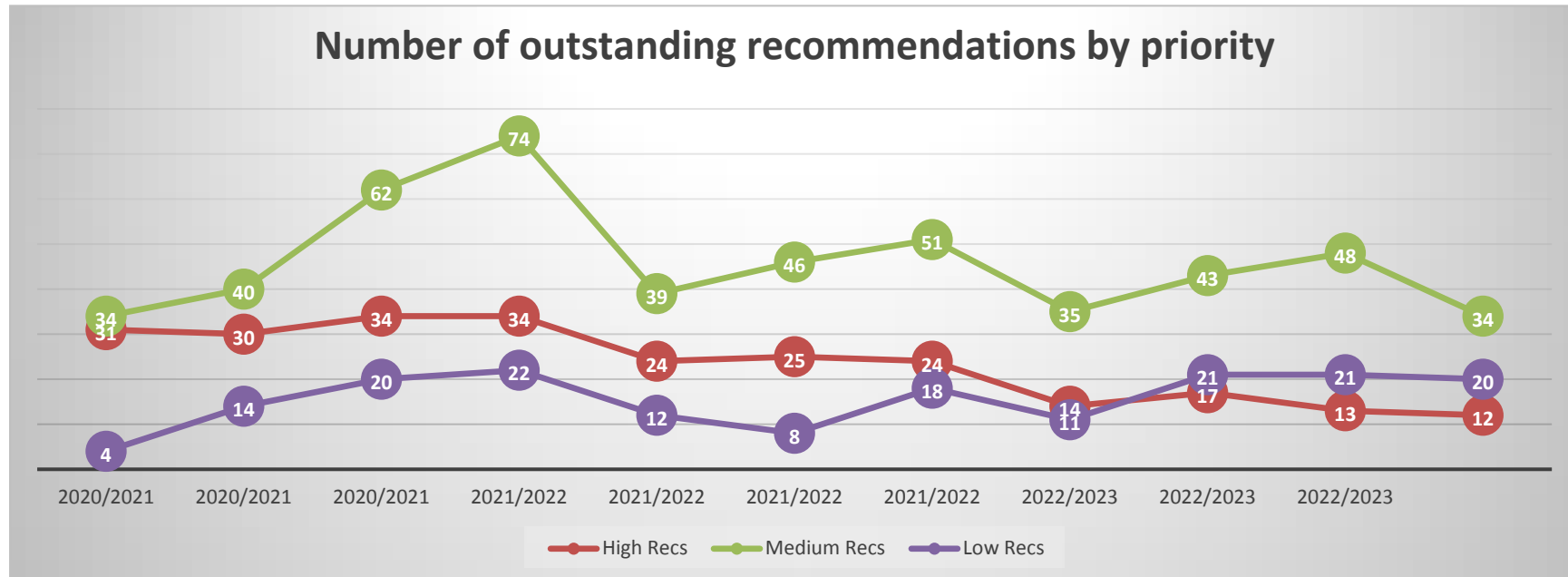
Appendix 03: Outstanding Audit Recommendations

The graph below shows the number of outstanding audit recommendations over time.



To inform the process I have included a table below outlining the number of outstanding actions whether High, Medium or Low Priority.

Below is a table showing the number of recommendations in each assurance level.



Financial Year	Quarter	No of Outstanding Recommendations	No of High Recs	No of Medium Recs	No of Low recs
2019/2020	Q2	375			
	Q3	199	101	98	NIL
	Q4				
2020/2021	Q1				
	Q2	69	31	34	4
	Q3	84	30	40	14
	Q4	116	34	62	20
2021/2022	Q1	130	34	74	22
	Q2	75	24	39	12
	Q3	79	25	46	8
	Q4	93	24	51	18
2022/2023	Q1	60	14	35	11
	Q2	81	17	43	21
	Q3	82	13	48	21
	Q4	66	12	34	20

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