AUDIT PROGRESS REPORT 2021/22

1   PURPOSE OF REPORT

1.1   This report provides Members with an update on the work of the Internal Audit team, in terms of progress made against the annual audit plan, and action taken by Service departments in implementing audit recommendations.

1.2   Detail of the progress made in delivery of the annual audit plan is provided for at Enclosure No.1.

2   INTRODUCTION

2.1   Internal Audit is a statutory requirement under the Accounts and Audit Regulations. Internal Audit's work is monitored through regular reports presented to this Committee.

3   RISK IMPLICATIONS

3.1   Failure to operate a robust assurance process (which includes delivering the Internal Audit Annual Plan) increases the risk that inadequacies in the Council's risk management, governance and control arrangements are not identified and effective remedial action agreed and implemented.

3.2   If the Internal Audit Plan is not substantially completed by June 2022, the Chief Audit Executive (CAE) may not be able to give a sufficiently informed opinion on the Council's control environment. The CAE's opinion is a source of assurance for the Annual Governance Statement (AGS), which is also considered by the Audit Committee and is of interest to the external auditor for their assessment of the Council's arrangements to use its resources economically, efficiently, and effectively. The lack of CAE opinion could negatively impact on the AGS and Value for Money assessment.

3.3   The main risk to delivering the audit plan is the risk of insufficient resources, this is considered below.

4   RESOURCE IMPLICATIONS

4.1   Excluding the Chief Audit Executive (CAE) (provided by Basildon Borough Council) the audit resource at the commencement of 2021/22 was 1 Full Time Equivalent (FTE) staff. From May 2021 onwards this increased to 1.6 FTE as a member of the team returned from maternity leave.

5   LEGAL IMPLICATIONS

5.1   Under the Local Government Act 1972 (s151) and the Accounts and Audit Regulations, the Council has a responsibility to maintain an adequate and effective Internal Audit function.

5.2   The Internal Audit Section works to the statutory Public Sector Internal Audit Standards. This includes the requirement to prepare and present regular reports to the Audit Committee on the performance of the Internal Audit service.
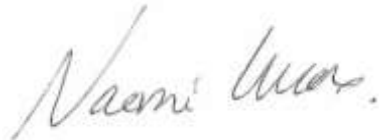
6   EQUALITY AND DIVERSITY IMPLICATIONS

6.1   An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups, as defined under the Equality Act 2010

7   RECOMMENDATION

7.1   It is proposed that the Committee **RESOLVES**

(1)   That the update on delivering the 2021/22 Audit Plan be noted.

(2)   That the conclusions and results from completed audit engagements in Appendices 2 be noted.

(3)   That the updated status of audit recommendations in Appendix 3 be noted.

Naomi Lucas
Assistant Director, Resources

Background Papers: -

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

1   DELIVERY OF THE ANNUAL AUDIT PLAN 2021/22

1.1   A table detailing the audit engagements completed to date is provided for at **Appendix 1**.

1.2   A further five audit engagements from the 2021/22 Annual Audit Plan have been completed since the last Audit Committee in December 2021. Two engagements were rated as "Good", with three assessed as "Adequate".

1.3   The opinion given and main points arising from the completed audit engagements is summarised at **Appendix 2.** An explanation of the meaning of and reason for each assessment (opinion) is provided in **Appendix 4**. This appendix should be read in conjunction with **Appendix 5** setting out the recommendation categories.

2   COUNTER FRAUD ACTIVITY

2.1   Responsibility for investigating fraud, excluding housing benefits, or error relating to Local Council Tax Support (LCTS), Council Tax & Business Rates discounts and exemptions rests with the local authority and for Rochford District Council such work is undertaken by the Compliance Officer, Revenues and Benefits, and officers in Business Rates. Both the National Fraud Initiative (NFI) and Pan Essex Data Hub provide the means for the Council to identify potential fraud through data matching, followed by subsequent investigation by the Compliance Officer. A recent targeted exercise identified 130 properties where single person discount was claimed without entitlement.

2.2   As at 31/1/22 the value of Council Tax identified as recoverable, as a result of Revenues & Benefits compliance work, from all sources including LCTS, was £168.6k, of which £122.7k related to identifying unbilled properties and withdrawal of discounts or exemptions that no longer apply. The balance of £45.9k relates to overpaid LCTS and recharge of single person discount.

2.3   Housing Benefit fraud continues to be investigated by the Department for Work & Pensions, but the Revenues & Benefits Team continues to identify and collect overpayments of Housing Benefit. Amounts identified for recovery by compliance work in respect of Housing Benefits was £13.7k as at 31/1/22.

2.4   From April, to 31/1/22, the value of identifiable gains in respect of business rates was £384.8k of which £250.2k related to unbilled properties. The rest related to undeclared changes or ineligible discounts. The total gain, net of allowable discounts or reliefs, is £273.8k.

3   MONITORING OF INTERNAL AUDIT RECOMMENDATIONS

3.1   Recommendations arising from completed audit engagements are shown in **Appendix 3**.

        This includes the current status of all recommendations that were live as at the date of the prior Audit Committee in December 2021 and all recommendations raised since that date. 7 recommendations were brought forward from 2020/21. There are 12 live recommendations as at date of completion of this report.

3.2   A total of 10 new recommendations have been raised since the last Audit Committee. Four recommendations have had a change in implementation date since the December Committee date. Details are recorded in Appendix 3.

COMPLETED AUDIT ENGAGEMENTS SUMMARY - APPENDIX 1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Complaints Report 2 – 2021/22	Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.	Adequate	28/9/21	-	-	1	-
Treasury Management Report 3 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of its priorities Failure to provide consistent value for money (VFM) across all services or obtain VFM in its procurement	Good	28/9/21	-	-	-	1
Cemetery Management Report 4 – 2021/22	Failure to ensure good governance of the Council's activities and delivery of its priority outcomes	Adequate	28/9/21	-	-	1	3
Restart Grant Certification Audit 5- 2021/22	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	Good	28/9/21	-	-	-	-

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Housing Benefits Subsidy Report 6 – 2021/22	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	No Opinion Stated	15/12/21	-	-	-	-
Planning & Building Control, PBC Technical Review Report 7 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	No Opinion Stated	15/12/21	-	-	-	-
Housing Benefits Report 8 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	-	-	2
Engagement with Residents and Other Stakeholders Report 9 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	1	1	-
Car Parking Report 10 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	-	3	-
Counter-fraud Arrangements Report 11 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/3/22	-	-	-	2

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Health & Safety Report 12 – 2021/22	There is a serious health & safety incident for which the Council is culpable	Adequate	15/3/22	-	-	4	-
Risk Management Report 13 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/3/22	-	-	2	-
Budget Setting & Monitoring Report 14 – 2021/22	Failure to produce and meet a balanced budget and MTFS that allow for the successful delivery of the Business Plan priorities or the Capital Programme	Good	15/3/22	-	-	-	-
Main Accounting Report 16 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of its priorities	Good	15/3/22	-	-	-	2

OTHER WORK UNDERTAKEN		
AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE
Disabled Facility Grants 2020/21 Certification Audit 1 – 2021/22	Completion of testing a sample of DFG, awarded in 2020/21, for compliance with regulations on behalf of Essex County Council. There were no matters arising.	28/9/2021

COUNTER-FRAUD ARRANGEMENTS
REPORT 11 2021/22

Audit Objective

To assess whether counter fraud arrangements in place are effective.

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

Business Plan Objective;   Being financially sustainable

Corporate Risk;   Failure to ensure good governance of the Council's activities and delivery of its priority outcomes.

Council held data is lost, disclosed, or misused to detriment of individuals or organisations as result of inadequate protection.

Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 6. The basis for assessing the priority status of recommendations arising is set out in the table on page 7.

The level of assurance assessed for this audit is – ADEQUATE

Risks tested and outcomes

Risk Area Tested	Assurance Level	Number and priority of recommendations made
Policies in place to protect against fraud or corrupt activity are not up to date or relevant and fail to address current or foreseeable risks.	**ADEQUATE**	1 Low Priority *(No. 1)*

There is ineffective training or awareness of potentially fraudulent or corrupt activity.	**ADEQUATE**	None
Fraud Risk Assessments are not in place, not relevant or are not up to date.	**ADEQUATE**	None
Counter-fraud & anti-corruption work undertaken, or measures employed against internal threats are not effective or sufficient	**ADEQUATE**	1 Low Priority *(No. 2)*
Counter-fraud & anti-corruption work undertaken, or measures employed against external threats are not effective or sufficient	**ADEQUATE**	None

Executive Summary

The current Anti-fraud & Corruption Policy is currently being updated, with a view to have a revised policy/ strategy in place for 2022/23. This will reflect the potential fraud environment in the future structure of the Council. This revised version will include updated anti-money laundering arrangements, an area still considered a very low risk at Rochford.

The existing Whistleblowing Policy that enables staff to raise concerns remains fit for purpose, but the opportunity should be taken to bring it up to date in respect of named officers, in line with the revised anti-fraud documentation.

When the new policy is approved it is intended that it will be supported by revised training using the e-learning platform. Training for officers in areas most at risk of fraud, for example Revenues & Benefits or Housing, is undertaken as a matter of routine for those services. Training in procurement was rolled out to all staff in late 2018 and there are periodic all-staff emails to warn against known or potential phishing threats.

A process has recently been introduced embed fraud risks as a standing item in all service area risk registers and this will develop as future risk register reviews are undertaken. A link to a document that provides for details of potential fraud areas reviewed annually, is included in the register for services to consider. Fraud risk is also reviewed in the Corporate Risk Register, an update for which is reported half-yearly to the Audit Committee. A revised reporting method to the Leadership Team of service area responses to fraud risks has recently been developed.

The Council's recruitment policy considers potential fraudulent applicants. Procedures are in place for verification and authorisation of expenses and additional worked hours. There are a range of codes of conduct for both Members and officers. Members and officers are expected to declare interests to mitigate against claims of conflicts of interest. There are registers to record gifts and hospitality offered or

received. An annual reminder to staff to consider use of these registers appears to have ceased, following changes in personnel in relevant areas. This should be re-instated

Policies and procedures are in place to defend against external fraud. All Internal Audit work considers the potential of fraud when scoping engagements. The work of Revenues & Benefits in fraud prevention or recovery is regularly reported to members of the Audit Committee in the Audit Plan Progress Reports.

Audit Objective

To assess whether policies, controls, and procedures in place for managing the Councils responsibilities under Health & Safety (H&S) in Council premises are operating effectively.

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associated risks identified in the Corporate Risk Register

Business Plan Objective;	• Being financially sustainable
Corporate Risk;	• There is a serious health & safety incident for which the Council is culpable
	• Failure to ensure good governance of the Council's activities and delivery of its priority outcomes

Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report.

Detail on the basis for choosing each assurance level is set out on page 7.

The basis for assessing the priority status of recommendations arising is set out in the table on page 8.

The level of assurance assessed for this audit is – ADEQUATE

Risks tested and outcomes

Risk Area Tested	Assurance Level	Number and priority of recommendations made
The Council does not have an effective Health & Safety Management System, in line with relevant legislation	**Adequate**	None – HSMS is a work in progress *(See narrative)*
Failure to train Members and staff in their responsibilities under H&S legislation, Council H&S Policy, and relevant procedures	**Adequate**	2 Moderate Priority *(Nos. 1 & 2)*
Failure to ensure the health & safety of Members, staff, and visitors whilst on Council premises or when on Council business away from Council premises	**Adequate**	1 Moderate Priority *(No. 3)*
Failure to provide effective emergency procedures across Council premises specifically structured to meet specific location requirements	**Adequate**	1 Moderate Priority *(No. 4)*
Health and safety issues are not effectively communicated to Members and officers	**Adequate**	None *(See narrative re HSMS)*
Risk Assessments are not in place, not relevant or are not up to date	**Adequate**	None

Executive Summary

A Health & Safety Management System (HSMS) is a framework that establishes a corporate culture for Health & Safety and details arrangements for Planning, Organising, Controlling, Monitoring and Reviewing the health and safety policies and procedures that the law requires. The HSMS at Rochford is an ongoing project with 45 corporate and operational elements of which, 26 are assessed as in place (green), 11 with amber status and 8 with red. 5 of these, 3 red and 2 amber, are anticipated to complete shortly. Progression is reported to the Leadership Team (LT). Key areas for future progression are rollout of a corporate training programme, and effective linkage of health and safety to procurement to ensure goods, services and contractors employed comply to the required standards.

Ongoing development of a corporate health & safety culture across the whole Council with effective communication of health & safety objectives and outcomes, and the development of monitoring and supervision measures that can evidence effective compliance with legislation are key areas that need to be addressed before the HSMS can be considered fully effective. Interestingly a staff survey based on

H&S culture identified that training and communication were areas that needed to be addressed. Regular H&S reports are provided to the Leadership Team.

It should be noted that many of the areas that require detailed policies to reach green status are operating safely across the Council. Existing policy reviews / updates are generally being deferred, unless no longer fit for purpose, until the new policy rollouts are completed. It must be acknowledged that there has been significant progress in developing the HSMS since the last Internal Audit review in 2019/20, and although further progress is required this has been assessed at Adequate to reflect the progress made and direction of travel.

A Corporate Training Policy (Health & Safety) has recently been adopted by the Leadership Team. This will put a training structure in place with a Corporate Training Programme to be developed. In discussion, the Health & Safety Officer (HSO) is of the opinion that overall, the standard of training in place for officers, in both low and high-risk operational roles, meets requirements. Duty holders with responsibility for specific areas, such as Asbestos and Fire Safety have been trained to an appropriate level. All members of the Leadership Team have appropriate management level training. Very few officers are trained to "competent person" level to enable them to carry out statutory inspections and this is something that should be addressed. There is a need to maintain awareness of elements of health & safety. The Council has e-learning modules on health & safety and fire awareness, and these are mandatory as part of original induction, but there is no follow-up process.

The Council has a responsibility to ensure that staff carrying out the Council's business are working in a safe manner in a safe environment. This includes when working agilely. Line management should be as sure as possible that staff, working outside of the office, meet the same standards that would be expected if working in the office. There is a detailed questionnaire on the Intranet that provides information that would allow a proper assessment of safe working. This should be completed.

All of the Asset Management team, Open Spaces Team and five other staff were trained as first aiders. Additional officers have now received either first aid training or emergency responder training to ensure cover either in the Council's premises or other sites used for Council or committees. This training includes use of defibrillators. The Council has a number of fire marshals, but these were based on full occupancy of the offices, pre-Covid. With agile working fewer officers are on site most of the time so the role of Fire Marshal should be reconsidered in line with current circumstances. Fire evacuation drills have been successfully carried out in both 2020 & 2021 and feedback was provided to staff.

Training has been made available to Members and officers relating to personal safety when carrying out Council business.

There is a comprehensive Health & Safety page on the Intranet that provides links to both internal documentation and external links to relevant bodies. Some minor changes are required to some of these items and these have been referred to the Health & Safety Officer. No recommendation has been raised for this.

Audit Objective

To assess the level of assurance over the procedures and control of the Council's risk management arrangements.

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

Business Plan Objective: Covers all Objectives

Corporate Risk: All Corporate Risks

Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 5. The basis for assessing the priority status of recommendations arising is set out in the table on page 6.

The level of assurance assessed for this audit is – ADEQUATE

Risks tested and outcomes

Risk Area Tested	Assurance Level	Number and priority of recommendations made
Corporate, operational, or other risks are not identified	ADEQUATE	1 Moderate
Risk Registers become out of date due to lack of regular review or are not updated in line with changing circumstances	ADEQUATE	None
Stated mitigating controls do not exist or are not implemented effectively	ADEQUATE	None

Risk management processes are inconsistent due to a lack of clear policy, ineffective communication, or lack of training of relevant staff	ADEQUATE	1 Moderate

Executive Summary

Risk management is a mature, embedded process. There are four strands to the process, corporate, service area, project, and contract. Procedures and processes are in place for the first three in the identification and reviewing of risks. The area of contract risk management does not receive the same level of scrutiny and has not progressed over the last couple of years. This applies to the first three risk areas shown in the table above. This process should be restarted and managed effectively to ensure that arising or amended risks are promptly identified and appropriate controls are put in place.

The Corporate Risk Register is subject to high level review throughout the year and updates are reported to the Audit Committee half-yearly. The Service Area Risk Registers are also subject to half-yearly review and as at the date of testing all were up to date. This is a significant improvement on the position reported as part of the audit review undertaken in 2020/21. Project Risk Registers are subject to periodic review through the life of a project. The over-reaching Risk Framework is that published in 2019. This remains a live document and will be updated in the event of changes in the framework.

Controls and mitigations in the Corporate and Service Area Risk Registers are considered to be substantially fit for purpose. There are the odd controls that no longer exist or have changed and there are controls known to exist that are not recorded, but these do not significantly affect the assessments in place. Several risks common to all services, such as health & safety and counter-fraud arrangements, have been introduced into the Service Risk Registers over the last year and these are developing to describe service-specific controls.

Due to the structure of the 4 X 6 matrix used to assess likelihood and impact respectively, the residual risk assessment, after consideration of controls and mitigation, results in imprecise scores. This matrix was a recommended practice at the time of its introduction. There is scope for this to be reviewed, in conjunction with the Council's insurers, to consider a revised matrix which would make the impact scores more meaningful. It is recommended that this approach be considered.

Audit Objective

To assess whether there are effective processes to determine the budget and its linkage to the Business Plan and identify deliverable savings, and to monitor the budget.

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

Business Plan Objective;   *Being Financially Sustainable*

Corporate Risk;   *Failure to produce and meet a balanced budget and MTFS that allow for the successful delivery of the Business Plan priorities or the Capital Programme*

Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 5.

The level of assurance assessed for this audit is – <u>Good</u>

Risks tested and outcomes

Risk Area Tested	Assurance Level	Number and priority of recommendations made
Failure to produce and meet a balanced budget and MTFS that allow for the successful delivery of the priorities contained in the Business Plan or to adequately plan, fund and monitor the Councils Capital Programme	Good	None
The baseline budget position is incorrectly identified resulting in a misidentification of potential budget gaps prior to the settlement figure provided by the government.	Good	None
The General Ledger does not accurately reflect the budget set for the financial year leading to Purchase Orders being raised against an incorrect budget amount and possible overspend on the accounts.	Good	None
Budget monitoring information is not provided to relevant audiences regularly or is provided inaccurately, incomplete or significantly out of date leading to less ineffective or inappropriate actions taken on the basis of the information.	Good	None
Emerging budget pressures and risks are not promptly identified, understood and dealt with.	Good	None
Reserves are not used appropriately, or a reduction of reserves are available due to unforeseen circumstances	Good	None
Risk Assessments are not in place, not relevant or are not up to date	Good	None

Executive Summary

There are sufficient assurances in the processes, working papers, and engagement across the Council that contribute towards the budget setting and monitoring process.

7.17

The Corporate Business Plan was updated in 2020, and the Mid-Term Financial Strategy (MTFS) has been considered in line with current council priorities. The MTFS is due to be reported to Members in February 2022 and once the budget has been set, the general ledger will be updated for 2022/23. There is a regular reporting stream to the Leadership Team (LT) and Members that reviews the council's financial position and informs and updates the financial strategy and budget setting process.

Monitoring and analysis of government grants and settlement updates are included for future financial planning. At time of audit there is the assumption of a maximum council tax increase of 2% or £5 (whichever is greater), to contribute towards the Councils spending power for 2022/23, however alternative scenarios are considered when reporting to Members.

Budget holders and Finance Business Partners have a detailed understanding of their cost centres and the budget position for 2022/23 is identified and reported based on prior year budget, priorities, and any emerging pressures or savings proposals. A Cost Centre Budgeting Spreadsheet is updated daily, and budgets are regularly monitored both formally and informally throughout the year and are supported by written commentary and various working papers.

The use of reserves and movement of funds between budgets are justified and appropriately managed. Procedural aspects of reserves and virements have been reviewed in the Main Accounting Audit for 2021/22.

MAIN ACCOUNTING
REPORT 16 – 2021/22

Audit Objective

To assess whether the key controls in respect of the Main Accounting system are adequately designed and effectively applied.

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associated risks identified in the Corporate Risk Register

    Business Plan Objective: *Maximise our assets*
                                                Being financially sustainable

    Corporate Risk: *Failure to ensure good governance of the Councils activities and delivery of its priorities*

                                          Data is lost, disclosed, or misused to the detriment of individuals or organisations

Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 6. The basis for assessing the priority status of recommendations arising is set out in the table on page 7.

The level of assurance assessed for this audit is – Good

Risks tested and outcomes

Risk Area Tested	Assurance Level	Number and priority of recommendations made
Account Balances are inaccurate following inappropriate use of journals	Good	2 low
Account balances do not reflect all transactions following incomplete or incorrect reconciliations with other key financial systems and the bank accounts	Good	None
Amendments to the budget approved by Full Council (i.e. virements from one budget heading to another) are made without appropriate authority and/or justification	Adequate	None
Access to, and permissions within, the relevant financial systems are not effectively controlled	Adequate	None
Risk Assessments are not in place, not relevant or are not up to date	Good	None

Executive Summary

Journals including year-end creditors and debtors, and feeders for the Councils payroll and various operational systems are processed accurately, and the controls that are in place appear to be working effectively. Two low level recommendations have been raised to provide additional assurance, taking into account the reduction in paperwork with no universal access to information.

Existing procedures state that approval may be required for journals over £1,000; testing identified this is not happening. However, realistically there is no perceived risk in removing this control which on the face of it does seem unnecessary. Written procedures can therefore be updated. Similarly, written procedures for transfers of funds via virements or reserve drawdowns require updating in line with current procedures, particularly around authorisations. This has been raised previously by Internal Audit (IA) and is ongoing as part of an existing recommendation. IA found one virement from testing that had not been approved at the relevant level, this has been raised with the appropriate officer.

Processes are well established for reconciling daily income and expenditure to the bank account and there were no matters arising from testing. Reliance has been placed on prior assurance from the Housing Benefit audit of 2021/22 and Council tax and Business Rates audit 2019/20 for monthly reconciliations of revenue and benefit functions to the general ledger, where processes were considered effective.

The Financial system (Dimensions) has recently been upgraded to a cloud-based product. There have been some teething issues around administration rights and password control however the Finance Manager is aware and making proactive steps to resolve. User access was reviewed as part of the upgrade and permission levels are appropriate for each user.

The Service Area Risk Register is currently under review. The risks and stated controls appear relevant.

Progress of Audit Recommendations

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
17 2017/18	Procurement	3a	M	Contract Procedure Rules and Procurement Guidance will be updated (a)	Agreed Implementation Date 31/3/19 CPR review ongoing. Revised end date 31/12/19. Work in progress with many elements progressed but unable to complete, partially in respect of EU arrangements. Revised end date 31/03/20 Revised end date to bring in line with Constitution review and Financial Regulations review, 31/3/21 Constitution update to be reviewed and rescoped. Revised implementation date 31/3/22 **Update February 2022** The CPR and Procurement will be reviewed and partnership working with BBC allows for increased staff resilience and capacity. To have a joined-up approach will enable efficiencies across both Councils. **Revised implementation date 31/12/22**
2 2018/19	Street Cleaning Contract	1	M	For consistency and future planning, the work of the Street Scene Officers involved in monitoring the contract will be documented in a set of operational procedures.	Agreed Implementation date 1/4/19. Outcomes are being negotiated with Contractor. Revised end date 30/06/19. Monitoring sheets are being implemented. Written procedures still to be developed. Revised

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
					implementation 31/10/19. Procedures still to be developed. Revised end date 31/12/19**.** **Current Position (15/6/21)** This is now being actioned. A system is expected to be in place within 3 months. Revised End Date 30/9/21 A new officer with contract management responsibilities was due to start in mid-November and development of procedures will be part of the role. Marked forward to 31/12/21 to confirm ongoing status of recommendation**.** Completed **DELETE**
6 2018/19	Insurance Arrangements	1	M	A project team will be established to consider an approach to produce, ideally, to produce a single asset register and to work on a solution. Matter raised during the audit will be reviewed and reflected in the 2018/19 balance sheet	Original End Date 31/12/19 The recommendation to establish an internal project team to create a master list of assets has been completed using Land Registry information to produce a single document that all internal teams will refer to and keep updated. Due to the different requirements of the finance, legal and assets teams, each service area also retains supporting documentation to supplement this for their own records. The supporting documentation is currently being worked through by the legal and assets teams to verify it is fully up to date. Some additional resource may be required to complete this work

7.22

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
					and determine whether a more integrated digital database solution can be utilised going forward – this will be investigated as part of the Connect Programme which is due to report back in summer 2021. End date 31/07/2021. Report date is now Autumn 2021. Revised end date 31/3/2022. **Update February 2022** A project known as the Digitisation of the Asset Register was approved by the Executive on 11th of January 2022, as part of the Connect Programme. The business case anticipated a completion of this project by October 2023. This will be closely monitored going forward as part of the Connect Programme and, in the circumstances, it is appropriate to close this recommendation in its current form. **CLOSE**
11 2018/19	Budget Setting and Monitoring	2	M	RDC Financial Regulations will be reviewed to include appropriate controls of transfers to and from Reserves as stated in the Medium-Term Financial Strategy. To be considered as part of overall review of Financial Regs during 2019/20.	Agreed implementation date 31/03/20. Financial regulations to be reviewed as part of overall constitution. Revised end date 31/03/21. Constitution update to be reviewed and rescoped. Revised implementation date 31/3/22 **Update February 2022** The Financial Regulations will be reviewed and partnership working with BBC allows for increased staff resilience and capacity. To have

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
					a joined-up approach will enable efficiencies across both Councils. **Revised implementation date 31/12/22**
14 2018/19	Contracts Procurement and Purchasing	2	M	Finance resilience checks will form part of the competitive process for fully tendered purchases for high value, high risk contracts, in order for the Council to be aware of the financial health of a supplier before entering into business with them. Contract Procedure Rules will be amended to include this detail.	Agreed implementation date 31/12/19. Revised end date to bring in line with other CPR recommendations 31/3/20 Revised end date to bring in line with Constitution review and Financial Regulations review. 31/3/21. Constitution update to be reviewed and rescoped. Revised implementation date 31/3/22 **Update February 2022** Resilience checks are now part of the operational procedures in line with the recommendation. The update to the Contract Procedure Rules is the element of this action that is outstanding. This latter aspect will be monitored, going forward, within the Procurement Audit Action 3a above. **CLOSE**
14 2018/19	Contracts Procurement and Purchasing	3	L	CPR will be amended to include safeguarding requirements and whether copies of contractor's policy statements should be included in all appropriate contracts.	Agreed implementation date 31/12/19. Unable to progress CPR until EU arrangements are known. Revised end date 31/03/20 Revised end date to bring in line with Constitution review and Financial Regulations review. 31/3/21. Constitution update to be reviewed and rescoped. Revised implementation date 31/3/22 **Update February 2022**

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
					Safeguarding requirements are included in contract and tender requirements as specified in the action point and are now part of the operational procedures in line with the recommendation. The update to the Contract Procedure Rules is the element of this action that is outstanding. This latter aspect will be monitored, going forward, within the Procurement Audit Action 3a above. **CLOSE**
4 2021/22	Cemetery Management	1	M	An inspection regime that will carry out "force testing" of potentially dangerous headstones or memorials, will be initiated in line with the Institute of Cemeteries & Crematorium Management policy of 2019.	Agreed Implementation date 28/2/22
2 2021/22	Complaint Handling	1	M	Internal and External Complaints Procedures will be updated to include the following areas: - What constitutes a complaint - How to deal with and report incoming complaints to Customer Services - The importance of formally responding, and communicating in a standard format, informing the customer of the escalation process should they remain unsatisfied.	Agreed implementation date 31/10/21. Due to a long-term sick period, it was not possible to implement by due date. We are aware that work is progressing. Revised end date 31/01/22. Final changes in proposed version are being made and revised procedures will be presented to the Leadership Team, at its quarterly business meeting in April, for approval. **Revised end date 30/4/22**

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				- Reporting to Customer Services on lessons learnt and how processes have been improved as a result of a complaint, where appropriate Out of date procedures on the intranet will be removed.	
8 2021/22	Housing Benefits	1	L	The record of staff declarations will be reviewed to ensure that all current, and future staff with access to Academy have a completed declaration.	Agreed implementation date 28/2/22 This became linked to a project to meet DWP requirements for staff with Academy access to have a DBS check. The checks have been completed and a revised declaration has been created, but not yet rolled out. Priority being given to implementation of revised CTS scheme and annual billing. **Revised end date 16/4/22**
9 2021/22	Engagement with Residents and Stakeholders	1	S	An overarching corporate engagement and consultation approach for external engagement and consultation activity will be formalised. It is acknowledged that this may be a project-based approach and the recommendation is intended to develop the initiation of the project.	Agreed implementation date 31/3/22
9 2021/22	Engagement with Residents and Stakeholders	2	M	Detailed consideration will be given to the acquisition of a suitable engagement tool to support both the consultation itself and subsequent reporting of outcomes.	Agreed implementation date 31/3/22

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
10 2021/22	Car Parking Management	1	M	Quarterly reports of written off PCN's will be submitted to and approved by S151 officer	Agreed implementation date 31/12/21 Completed **DELETE**
10 2021/22	Car Parking Management	2	M	A process will be adopted to ensure that all PCN funds that are received into the Council are input to the Car Parking System (3Sixty), and there will be a retrospective review to ensure that all existing payments have been input at least as far back as late 2020.	Immediate implementation First part completed. Retrospective review to be completed by 31/1/22 Completed **DELETE**
11 2021/22	Counter-fraud Arrangements	1	L	The Whistle-blowing Policy will be updated in order that the revised structure of the Council be reflected and named officers are up to date	Agreed implementation date 31/3/22
11 2021/22	Counter-fraud Arrangements	2	L	The annual reminder to request staff to complete the registers of interest, or the gifts and hospitality register will be re-introduced	Agreed implementation date 28/2/22 Implemented **DELETE**
12 2021/22	Health & Safety	1	M	Consideration will be given to seeking relevant training to enable those with property maintenance and site management responsibility to obtain competent person accreditation.	Agreed implementation date 30/6/22
12 2021/22	Health & Safety	2	M	Refresher awareness training of health & safety and fire procedures will be included into the Corporate Training Policy / Plan	Agreed implementation date 28/2/22 Implemented **DELETE**
12 2021/22	Health & Safety	3	M	A process will be initiated to ensure staff that regularly work outside of the	Agreed implementation date 28/2/22

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				Council's premises using display screen equipment should complete the questionnaire, available on the Intranet, re the conditions that they are working in, and submit to managers for sign-off	Implemented **DELETE**
12 2021/22	Health & Safety	4	M	The role and roster of trained fire marshals will be re-configured to reflect the current circumstance relating to office occupancy.	Agreed implementation date 30/4/22
13 2021/22	Risk Management	1	M	A full restart of active risk registers for contracts will commence with an effective assessment and review process put in place.	Agreed implementation date 31/7/22
13 2021/22	Risk Management	2	M	Consideration will be given to seeking appropriate guidance with a view to revise the likelihood / impact matrix structure, to enable a more precise residual risk score.	Agreed implementation date 30/11/22
16 2021/22	Main Accounting	1	L	The Journal Log will be completed in full, including additional information on the reason for journal.	Agreed Implementation Date 2/2/22 Implemented **DELETE**
16 2021/22	Main Accounting	2	L	Academy Feeder Reports will be saved in a central location in order to provide an audit trail and additional assurance that posting totals reconcile to the general ledger	Agreed Implementation Date 2/2/22 Implemented **DELETE**

BASIS FOR AUDIT OPINION		
Assurance level	**Internal Audit's opinion is based on <u>one or more</u> of the following conclusions applying: -**	**Basis for choosing assurance level**
Good	• The activity's key controls are comprehensive, well designed and applied consistently and effectively manage the significant risks. • Management can demonstrate they understand their significant risks and they are proactively managed to an acceptable level. • Past performance information shows required outcomes are clearly defined and consistently met.	Recommendations are 'low' rating. Any 'moderate' recommendations will need to be mitigated by consistently strong controls in other areas of the activity.
Adequate	• Most of the activity's key controls are in place, well designed and applied consistently and effectively manage the significant risks. • Management can demonstrate they understand their significant risks and they are generally and proactively managed to an acceptable level. • Past performance information shows required outcomes are clearly defined and generally met.	Recommendations are 'moderate' or "Low" rating. Any 'significant' rated recommendations will need to be mitigated by consistently strong controls in other areas of the activity. A 'critical' rated recommendation will prevent this level of assurance.
Limited	• The activity's key controls are absent or not well designed or inconsistently applied meaning significant risks. • Management cannot demonstrate they understand and manage their significant risks to acceptable levels. • Past performance information shows required outcomes are not clearly defined and or consistently not met.	Recommendations are 'significant' or a large number of 'moderate' recommendations. Any 'critical' recommendations need to be mitigated by consistently strong controls in other areas of the activity.
None	• The activity's key controls are absent or not well designed or inconsistently applied in all key areas. • Management cannot demonstrate they have identified or manage their significant risks • Required outcomes are not clearly defined and or consistently not met.	Recommendations are 'critical' without any mitigating strong controls in other areas of the activity.

RECOMMENDATION CATEGORIES		
C	CRITICAL	The identified control weakness could lead to a **critical impact** on the activity's ability to manage the risks to achieving its key objectives. The control weakness means the associated risk **highly likely** to occur or have occurred. There are **no compensating controls** to possibly mitigate the level of risk.
S	SIGNIFICANT	The identified control weakness could have a **significant impact** on the activity's ability to manage the risks to achieve its key objectives. The control weakness means the associated risk is **likely to occur** or have occurred. There are **few effective compensating controls**. Where there are compensating controls, these are more likely to be detective (after the event) controls which may be insufficient to manage the impact. The difference between 'critical' and 'significant' is a lower impact and or lower probability of occurrence and or that there are some compensating controls in place.
M	MODERATE	The identified control weakness could have a **moderate impact** on the activity's ability to manage the risk to achieving its key objectives. The control weakness **does not undermine the activity's overall ability** to manage the associated risk (as there may be compensating controls) but could reduce the quality or effectiveness of some processes and or outcomes.
L	LOW	The identified control weakness is **not significant,** and recommendations are made in general to improve current arrangements. Note – these recommendations will not be followed up.