

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 21
JULY 2021



Title of Report	INTERNAL AUDIT PROGRESS REPORT	
Presented by	Lisa Marron Audit Manager	
Background Papers	Public Sector Internal Audit Standards Internal Audit Plan 2021/22	Public Report: Yes
Purpose of Report	To inform the Committee of progress against the Internal Audit plan for 2021/22 and to highlight any incidences of significant control failings or weaknesses that have been identified.	
Recommendations	THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT.	

1.0 BACKGROUND

- 1.1. The Public Sector Internal Audit Standards require the Authority's Audit Committee to approve the audit plan and monitor progress against it. The Standards state that the Committee should receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2021/22 Audit Plan on 21 April 2021. The Committee receives quarterly progress reports.

2.0 PROGRESS REPORT

- 2.1 The Internal Audit Progress Report for the period 01 April 2021 to 30 June 2021 (Q1) is attached at Appendix 1.

Policies and other considerations, as appropriate	
Council Priorities:	An effective internal audit service supports all council priorities.
Safeguarding:	The report includes progress against the recommendations made during the 2020/21 Safeguarding Audit.
Risks:	There are no specific risks associated with this report however if the Audit and Governance Committee did not receive periodic reports from Internal Audit, there would be a risk of not conforming with the Public Sector Internal Audit Standards.
Officer Contact	Lisa Marron Audit Manager Lisa.marron@nwleicestershire.gov.uk



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2021/22 Q1

1. Introduction

- 1.1. Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby DC and Charnwood BC. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2020/21 and 2021/22 Internal Audit Plans up to 30th June 2021.

2. Internal Audit Plan Update

- 2.1. Work on the 2021/22 audit plan has commenced and the Leisure Recovery Support Audit has been completed with Substantial Assurance. The High Value Grant Claims Arrangements audit is in progress. The 2021/22 audit plan is included at Appendix A for information. The audits due to take place in Q2 are:
- Risk Management
 - Estates Compliance Arrangements
 - Green Homes Grant Phase 1b - Grant Certification
 - CCTV (Q2/3)
- 2.2. Since the last update report four final audit reports have been issued which completes the work on the 2020/21 audit plan. The following 2020/21 audit opinions were issued and the executive summaries are included in Appendix B:
- Domestic Heating Services Contract Management – Reasonable Assurance
 - Main Accounting System – Substantial Assurance
 - Sundry Debtors – Reasonable Assurance
 - Central Control – Reasonable Assurance

3. Internal Audit Recommendations

- 3.1. Internal Audit monitor and follow up all critical, high and medium priority recommendations. The one overdue Internal Audit recommendation is included in Appendix C for information. I do not have any concerns relating to this recommendation at this time as it is progressing.
- 3.2. Both CLT and Audit and Governance Committee were keen to track the progress of recommendations made following the Safeguarding Audit and Health and Safety – Covid-19 Audit (final reports issued February and March 2021 respectively). Appendix D shows the progress to date against the Safeguarding and Health and Safety – Covid-19 recommendations. It should be noted that Internal Audit carry out follow up work during the month **after** the agreed target date for the recommendation.

4. Internal Audit Performance Indicators

- 4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix E. All of the 2020/21 audits have been completed and work on the 2021/22 audit plan is underway therefore there are no concerns at this point in time.

Appendix A

2021/22 AUDIT PLAN AS AT 30th JUNE 2021

Audit Area (Report No.)	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
High value grant claim arrangements	Audit	8	6	In progress						
Leisure Recovery Support	Audit	6	6	Final report issued	Substantial	-	-	-	-	
Risk Management	Audit	7	-	Engagement planning						
Estates Compliance Arrangements	Audit	8	-	Scheduled Q2						
Green Homes Grant Phase 1b Certification	Certification	5	-	Scheduled Q2						
CCTV	Audit	6	-	Scheduled Q2/Q3						
Grounds Maintenance	Audit	8	-	Scheduled Q3						
Fire Safety and Management - Housing	Audit	8	-	Scheduled Q3/Q4						
Key Housing Systems	Audit	12	-	Scheduled Q4						
Housing Rents	Audit	8	-	Scheduled Q4						
Building Control	Joint Audit	8	-	Scheduled Q4						
Project Management	Audit	8	-	Scheduled Q4						
Covid-19 Related Assurance	Assurance	20	1.5	As required						
New finance system advisory	Advisory	10	0.5	Monthly						

Audit Opinion Key

Opinion	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited

Appendix 1

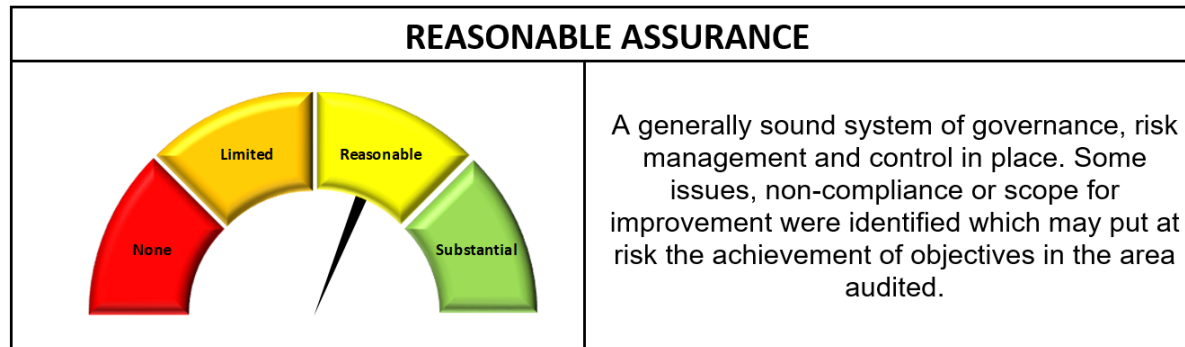
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited

Audit Recommendations Key

Level	Definition
Critical	Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences.
High	Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks.
Medium	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Low	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed or potential opportunities for management to improve the operational efficiency and/ or effectiveness of the system.

SUMMARY OF FINAL AUDIT REPORTS ISSUED BETWEEN 01 APRIL 2021 AND 30 JUNE 2021

DOMESTIC HEATING SERVICES CONTRACT MANAGEMENT



Key Findings

Areas of positive assurance identified during the audit:

- The contractor is providing regular performance information and is challenged where targets are not being met.
- The contractor work programme is updated for new / acquired properties and those properties converted to Air Source Heat Pump (ASHP).
- The Council is meeting its statutory obligation as landlord by ensuring safety checks on appliances are carried out in line with guidance by the contractor.
- Contractors workmanship is inspected by third party auditor and findings reported to the contractor and the council.

The main areas identified for improvement are:

- Responsibility for reviewing / updating procedures and policies and ensuring these are easily accessible.
- Accuracy of information reported in the monthly Client Management report.
- Updating of tracker documents for services undertaken (ASHP).

Appendix 1

It was also identified that invoices for payment had not been authorised in accordance with financial procedure rules, however, having raised this with the service during the course of the audit this has now been addressed.

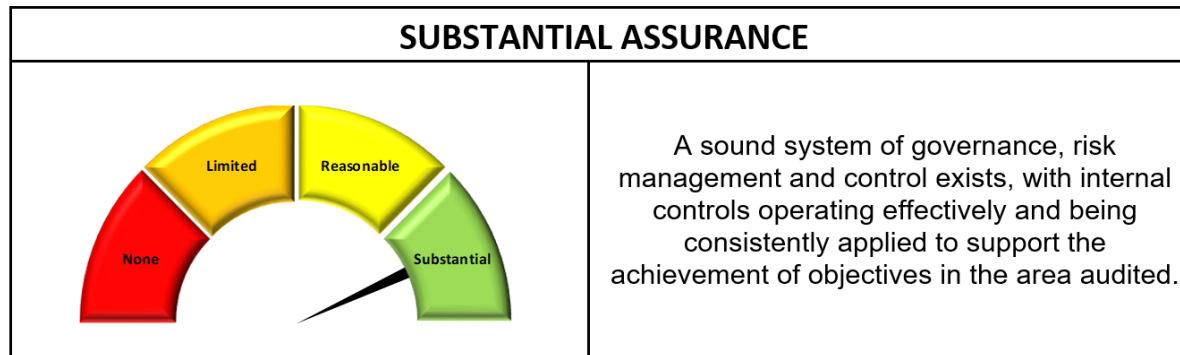
One high and two medium priority recommendations were made:

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date	Update from Housing Assets Team Manager as at 05.07.21
<p>1.The policies and procedures relating to the servicing of heating appliances should be reviewed and updated where necessary. The documents should be easily accessible to those staff who would need to view them.</p> <p>Consideration should also be given to producing additional procedure documents e.g. preparing the Client Management report, as these would improve resilience and business continuity if there were changes in staffing.</p>	Medium	Agreed – responsibility to be assigned to recently appointed Asset Team Manager, who is due to commence employment May 2021.	Housing Management Team Manager (who is currently covering the role of Asset Team Manager)	31 August 2021	This is in progress and is due to be completed by the implementation date.
2.The monthly Client Management report should contain accurate information in relation to the financial position and performance against the contract. The information reported should be accurate and easily reconcilable to source documents e.g. contract documents, valuation summaries etc. Narrative should also be added to explain any variances.	High	Agreed - Senior Quantity Surveyor to revise format and data collection with Compliance Contract Supervisor and Asset/Compliance Team Leader. Invoicing to be completed in a single	Planned Investment Team Leader and Quantity Surveyor	31 May 2021	This is in progress however due to a change in officer in the Senior Quantity Surveyor post it has not been fully implemented by the original target date. An extension to the implementation date to 31 st August 2021 has

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The Client Management report, once completed, should be reviewed for accuracy prior to it being issued.		document by the first Friday of the month. Valuation prior to invoicing to be separated in five areas – 1) Gas, 2) Solid, 3) ASHP servicing, 4) Commercial work and 5) Ad hoc maintenance and installs.			been agreed to tie in with the review of policies and procedures exercise.
3.The ASHP tracker document should be updated with the details of services which have taken place in December 2020.	Medium	Agreed – tracker document has been updated.	Compliance Contract Supervisor	N/A already implemented.	N/A already implemented.

MAIN ACCOUNTING SYSTEM



Key Findings

Areas of positive assurance identified during the audit:

- Approved budgets are input accurately to the accounting system.
- Opening balances are brought forward accurately.
- There are adequate controls in place for the posting and approval of journals.
- Virements have been appropriately authorised.
- Budget monitoring reports have been produced and finance clinics held at regular intervals to ensure effective budget monitoring can take place.
- Committed expenditure is reviewed each quarter.
- The suspense account is reviewed and cleared on a regular basis.

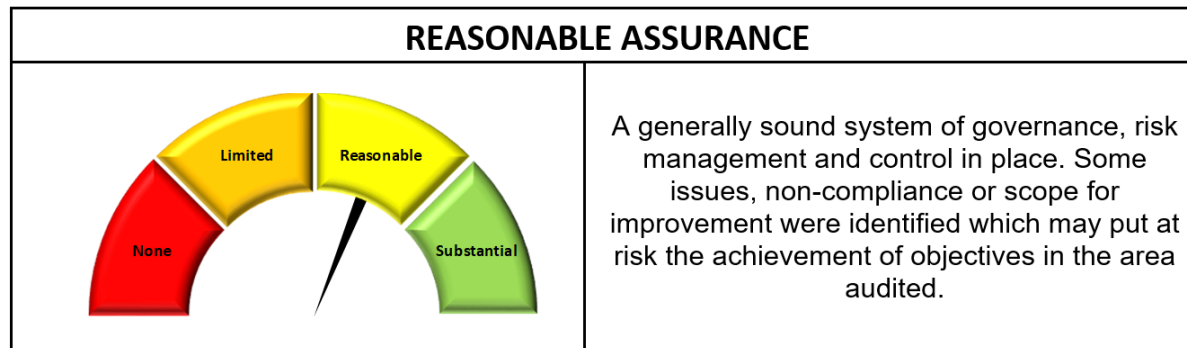
The main area identified for improvement is:

- Updating of procedure notes.

One medium priority recommendation was made:

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Procedures should be updated to reflect current working practices.	Medium	Agreed	Finance Business Partner (SW)	31 st July 2021

SUNDRY DEBTORS



Key Findings

Areas of positive assurance identified during the audit:

- Comprehensive procedure notes available for all aspects of the Sundry Debtors process.
- Adequate separation of duties exists between the raising of invoices and collection and monitoring of sundry debts.
- Aged debts are regularly reviewed and write offs are authorised in accordance with Financial Procedure Rules.
- Monthly reconciliations are up to date and had been completed throughout the year.
- Income collection rates for current year debts have been monitored.

The main areas identified for improvement are:

- Responsibility for the administration of lifeline charges to organisations.
- Discounts available to charities for refuse collection.
- Debt recovery action plan requires update.

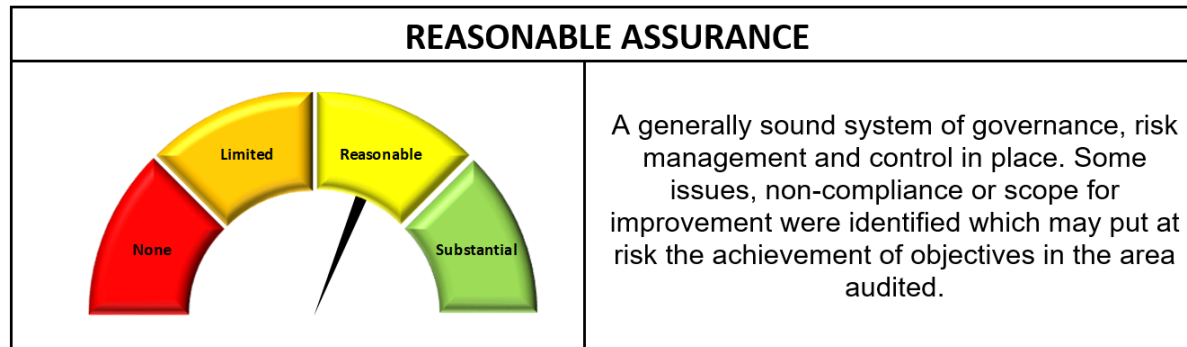
Two high, one medium and one low priority recommendations were made:

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. A review of the lifeline charges for organisations should be undertaken. There should be a formal agreement in	Medium	Agreed	Income and Systems Team Leader	31 st Dec 2021

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place with each organisation to confirm the type and cost of the service provided.				
2.At the next update of the Budget Book those fees and charges relating to Refuse Collection should be updated to include the reduced rate available to charities.	Low	Agreed	Strategic Finance Manager	February 2022
3.It should be confirmed whether there has been formal agreement by Corporate Leadership Team to commence recovery of sundry debts which relate to prior years.	High	Agreed	Finance Team Manager	31 st July 2021
4.Following confirmation of action to be taken in relation to prior year debts the Exchequer Services Team Leader should update the high level debt recovery action plan to ensure that the Senior Exchequer Services Officer (Debt Recovery) is provided with clear guidance on priority areas for debt recovery.	High	Agreed	Exchequer Services Team Leader	30 th September 2021

CENTRAL CONTROL



Key Findings

Areas of positive assurance identified during the audit:

- There are comprehensive procedure documents which are easily accessible to staff.
- There is a staff training programme in place and additional training needs identified.
- Updates to changes of personal information are checked for accuracy.
- Performance of the service is monitored.

The main areas identified for improvement are:

- Procurement of services from Tunstall.
- Budget monitoring.
- Use of the Lone Working system.

Recommendations

	Critical	High	Medium	Low	Advisory
Made	-	1	3	5	-
Agreed	-	1	3	4	-

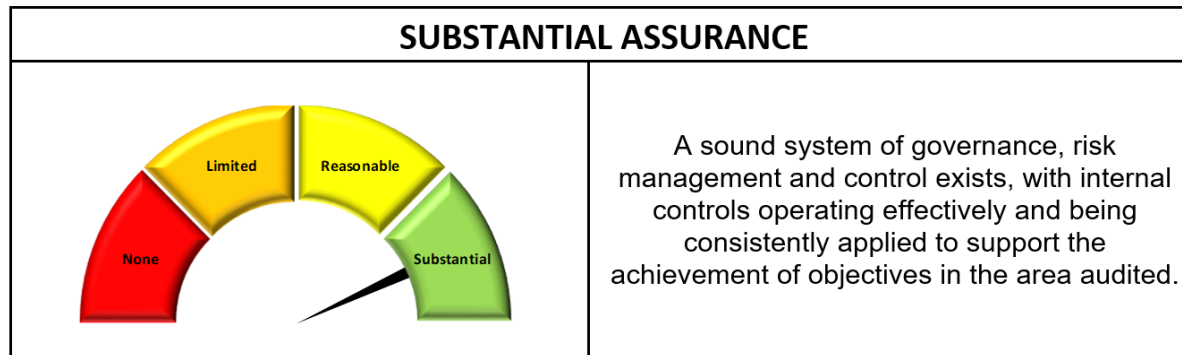
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Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Procedure documents should be updated to include a version control section to show when they were last reviewed and updated.	Low	Agreed	Customer Services Team Leader	January 2022
2. Guidance should be sought from the Procurement Officer prior to entering into any further agreements with Tunstall for the software and disaster recovery service to ensure that correct procedure is followed.	High	Agreed. Contract to be reviewed with Legal Services and Procurement.	Interim Customer Services Team Manager and Customer Services Team Leader	31st July 2021
3. The additional cost for the software and disaster recovery services should be reflected in the budget forecast for ledger code 1205 – 0864. Budget monitoring reports for the Central Control Service should be shared with the Customer Services Team Leader.	Medium	Agreed.	Strategic Finance Manager	31st July 2021
4. The possibility of also issuing the annual increase and update of emergency contact details letter to the customers' recorded emergency contact should be looked into.	Low	Disagree - The customer is asked to confirm whether they or their NOK/emergency contact is to be the account contact at the start of the contract. The customer may also change the account contact at any time. The Safe & Well Service would not issue correspondence to NOK / emergency contacts without the customer's consent – in which case we would ask the customer to consider making the nominated	N/A	N/A

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		person the account contact for them		
5. Contact should be made with Tunstall to enquire as to whether a report can be obtained which shows those users who currently have access to the system. This report (if available) should be reviewed on a periodic basis (e.g. six monthly) to confirm that user access is appropriate and that access for leavers has been disabled.	Medium	Agreed and in progress.	Customer Services Team Leader	30th June 2021 Audit follow up post target date confirms this has been implemented.
6. Central Control should produce a report on a quarterly basis showing those officers who have accessed the Lone Working system. The report should be distributed to team managers / leaders for review.	Medium	Agreed – however as obtaining reports is time intensive propose to advertise availability of report to Team Managers / Leaders to agree requirements and frequency.	Customer Services Team Leader	31st July 2021
7. Officers are reminded, on an annual basis, how to sign up to the lone worker system and the need to ensure their details are up to date. This is particularly pertinent with the changes that have occurred during COVID and are anticipated to continue with agile working.	Low	Agreed – annual Council wide reminder to be published of Lone Worker system availability.	Customer Services Team Leader	31st July 2021
8. The SLA for Central Control should be reviewed and updated as necessary. Further reviews of the SLA should be scheduled to take place on an annual or biennial basis	Low	Agreed – Customer Services Team Leader to arrange as biennial and proposed due date to be by end of quarter 2/September 2021	Customer Services Team Leader	30th Sept 2021
9. Performance reporting for the Central Control Service should be resumed to ensure that management are appraised of the services position in regard to meeting the targets and objectives of the business plan and the KPI's set within the plan.	Low	Agreed – performance is being collated and will be made available to Performance Team as well as included in Team Plan 2022-23	Customer Services Team Leader	31st July 2021 (Q1 21/22)

LEISURE RECOVERY SUPPORT



Key Findings

Areas of positive assurance identified during the audit:

- Financial information provided by Everyone Active is reviewed and challenged where appropriate.
- Support payments made to Everyone Active are in line with those agreed by Cabinet.
- Financial information has been accurately reported to Cabinet.
- Terms and conditions of the Sport England Grant are adhered to.

No recommendations for improvement were made.

Appendix C

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 30th JUNE 2021

Report		Recommendation	Rating	Officer Responsible	Target Date	Internal Audit Comments
2019/20 Audits						
11	Affordable Housing – S106/Commuted Sums	3	There should be a formal approval process in place to confirm agreement to the amount of commuted sum that is required in lieu of affordable housing. Details of how the sum has been arrived at and evidence to confirm this should be retained. Evidence that the approval process has been followed should accompany the request to Legal Services when preparing the S106 agreement.	High	Head of Planning and Infrastructure	31st August 2020 31st May 2021 31 st August 2021
Officers are working through the SPD update and this is going to the July 2021 meeting of the Local Plan Committee.						

Appendix D

Safeguarding Audit 2020/21 Recommendations Progress

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date	IA Update from Follow Up Work
1 - Where departments have safeguarding responsibilities officers should ensure that these are relevantly recorded within their business risk assessment.	Medium	This will be addressed at the next meeting of the Risk Group (March 21). Communications to Risk Owners will be sent following meeting. The risk is addressed at a corporate level on the corporate wide Risk Register.	Strategic Director of Housing & Customer Services (in his role as Chair of Risk Scrutiny Group (RSG))	Agenda item for next Risk Scrutiny Group meeting 21 st March 2021	Discussed at 21 st March RSG and team plans to be updated with a template risk but service specific mitigations.
2 – The record of training for DSO's who have attended the two day external training and the DSO Induction Course should be updated. It would also be advisable to record any future additional training attended by DSO's as this may be required by Human Resources.	Medium	Agreed – individuals responsible for recording their own training on ITrent as advised by HR. Community Safety will have a record of when DSO induction training has taken place.	Community Safety Officer & DSO	April-21	Implemented.
3 - With the current COVID situation and the intention for more agile working consideration should be given to introducing new ways of making staff aware of the safeguarding process and the Designated Safeguarding Officers.	Low	Agreed	Community Safety Officer & DSO	March 2021 and quarterly thereafter.	IA do not formally follow up low priority recommendations.
4 - The capacity issues raised by the Head of Community Services should be reported formally to the Corporate Leadership Team. This should include the level of resource required for the service, allowing DSO's within	High	Agreed – report presented to Corporate Leadership Team – 27th January 2021	Head of Community Services in conjunction with the Community Safety Officer and DSO	Already implemented by time final audit report issued.	Already implemented by time final audit report issued.

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<p>services allocated time to perform this role, and identifying any opportunities for staff who are unable to perform their current roles as a result of the pandemic to be trained as DSO's.</p> <p>Additionally consideration should be given to having safeguarding champions within specific services across the authority to be able to promote safeguarding, offer safeguarding advice and support within their areas, highlight any specific issues that the service is having and reduce the pressure on DSO's.</p>					
<p>5 - A Modern Slavery Statement should be produced annually and published on the Council website within six months of the councils year end. Government guidance should be followed when preparing this document. This guidance can be found at: https://www.gov.uk/guidance/publish-an-annual-modern-slavery-statement</p>	High	Agreed	Head of Finance (S151 Officer)	By September 2021	Audit follow up not yet due
<p>6 - The DBS Policy and procedure document should be updated and approved. The current document should be shown as out of date (if this is possible) and to contact HR for guidance until the new policy is available. The updated policy and procedure should provide clear guidance and advice relating to DBS checks. This should cover the posts which are required to have DBS checks, obtaining of DBS checks, subscribing to the update service and who is responsible for carrying out the annual checking via the update service. The guidance should also refer to requirements when employing agency workers.</p>	High	Agreed	Head of HR and Organisational Development	Target date - June 2021	The draft policy has been approved by CLT and now needs to go through the consultation process.

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7 - All posts which are required to have a DBS check should be identified and recorded on ITrent. Details relating to the DBS check, date of check, reference number and confirmation that the annual recheck has been done should also be recorded on ITrent. Responsibility for ensuring that DBS checks are carried out on an annual basis should be documented and circulated.	High	Agreed that check information to be recorded on ITrent etc. There is no requirement by the DBS for annual checks to be carried out. If people don't subscribe to the update service a new check would be required. Good practice suggests new checks done every 2-3 years, not annually.	Head of HR and Organisational Development	Target date - June 2021	Audit follow up in progress, information is being set up on the system.
8 - The Recruitment Policy should be updated and include safer recruitment processes which should be undertaken when recruiting to posts that have contact with vulnerable groups.	Medium	Agreed	Head of HR and Organisational Development	Target date - June 2021	At the time of writing this report the policy review has not yet started.
9 - The Safer Recruitment e-learning module should be added to Learning Pool. The availability of this training should be communicated to all relevant staff.	High	Agreed	Senior HR Advisor	Already implemented by time final audit report issued.	Already implemented by time final audit report issued.

Health and Safety – Covid-19 Audit 2020/21 Recommendations Progress

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date	IA Update from Follow Up Work
There should be a comprehensive record of all statutory Health and Safety inspections / checks that are required by the Council. This record should cover all services and be monitored and reported against on a regular basis to ensure checks have taken place as required.	High	Agreed	Head of Human Resources and Organisational Development in conjunction with the Head of Customer Services,	Target date - June 2021	A summary of the inspections/checks that take place across all services has been provided however in its current form this would not give assurance that all of the required checks have taken place as there are no dates

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			Corporate Property and Assets in his role as Chair of the Statutory Duty Group.		<p>recorded to show date of last inspection/date due. This would still need to be checked with the individual services.</p> <p>The Head of HR & OD has advised that a report on health and safety is to be placed on the CLT agendas on a regular basis with input from all Heads of Service ahead of the meetings to ensure CLT have a clear understanding of the inspections and checks across the organisation being undertaken. In addition to this a report on Health and safety was provided to the Corporate scrutiny committee at their meeting on 9 June 2021 as part of the Q4 performance report, and this will go onto Cabinet at the end of the month. An internal group has been established to review all of these inspections arrangements which was initially chaired by the Head of Customer Services, Corporate Property and Assets, and has now passed to Paul Wheatley.</p> <p>Internal Audit will review arrangements again next quarter to confirm operating as intended.</p>
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Appendix E

2021/22 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 30.06.21	Comments
Achievement of the Internal Audit Plan	9%	One other audit is well underway and another is at the planning stage.
Quarterly Progress Reports to Management Team and Audit and Standards Committee	On track	
Follow up testing completed in month agreed in final report	On track	
Annual Opinion Report - July 2021 Audit and Standards Committee Meeting	On track	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on 13 returns for 19/20 and 3 for 20/21.
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried out w/c 30 th November 2020 which confirmed that we conform with the Public Sector Internal Audit Standards.