

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 19
JANUARY 2022



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|--------------------------|--|---------------------------|
| Title of Report | INTERNAL AUDIT PROGRESS REPORT | |
| Presented by | Kerry Beavis 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 October 2021 to 31 December 2021 (Q3) is attached at Appendix 1.

| Policies and other considerations, as appropriate | |
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| 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. |
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INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2021/22 Q3

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 2021/22 Internal Audit Plan up to 31st December 2021.

2. Internal Audit Plan Update

2.1. The 2021/22 audit plan is included at Appendix A for information and shows the audits in progress. Since the last update report one final report has been issued from the 2021/22 audit plan.

- Risk Management – Reasonable Assurance

The executive summaries for the report is included at Appendix B.

2.2. The audits due to take place or continuing in Q4 are:

- Grounds Maintenance – drafting
- Estates Compliance Arrangements – in progress
- Green Homes Grant Phase 1b - Grant Certification – in progress
- Fire Safety and Management – Housing (Q3/4)
- Rent Accounting
- CCTV
- Project Management

3. Internal Audit Recommendations

3.1. Internal Audit monitor and follow up all critical, high and medium priority recommendations. There are three overdue Internal Audit recommendations which are included in Appendix C for information.

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 (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.

4. Internal Audit Performance Indicators

4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix E. Work on the 21/22 audit plan is progressing in line with work scheduling.

Appendix A

2021/22 AUDIT PLAN AS AT 31st DECEMBER 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 | 16 | Final | Reasonable | - | 5 | 1 | - | |
| Leisure Recovery Support | Audit | 6 | 6 | Final | Substantial | - | - | - | - | |
| Risk Management | Audit | 7 | 7 | Final | Reasonable | - | - | 5 | 1 | |
| Estates Compliance Arrangements | Audit | 8 | 6 | In progress | | | | | | |
| Green Homes Grant Phase 1b Certification | Certification | 5 | 3 | In progress | | | | | | |
| CCTV | Audit | 6 | - | Put back to Q4 | | | | | | Put back to Q4 from Q3 at the request of the service. |
| Grounds Maintenance | Audit | 8 | 9 | Report Drafting | | | | | | |
| Fire Safety and Management - Housing | Audit | 8 | 0.5 | Engagement Planning | | | | | | |
| Key Housing Systems | Audit | 12 | - | Scheduled Q4 | | | | | | |
| Housing Rents | Audit | 8 | - | Scheduled Q4 | | | | | | |
| Building Control | Joint Audit | 8 | 1 | In progress | | | | | | |
| Project Management | Audit | 8 | - | Scheduled Q4 | | | | | | |
| Covid-19 Related Assurance | Assurance | 20 | 8 | As required | | | | | | Work on Compliance and Enforcement Grant and Business Grants. |
| New finance system advisory | Advisory | 10 | 1.5 | Monthly | | | | | | |

Audit Opinion Key

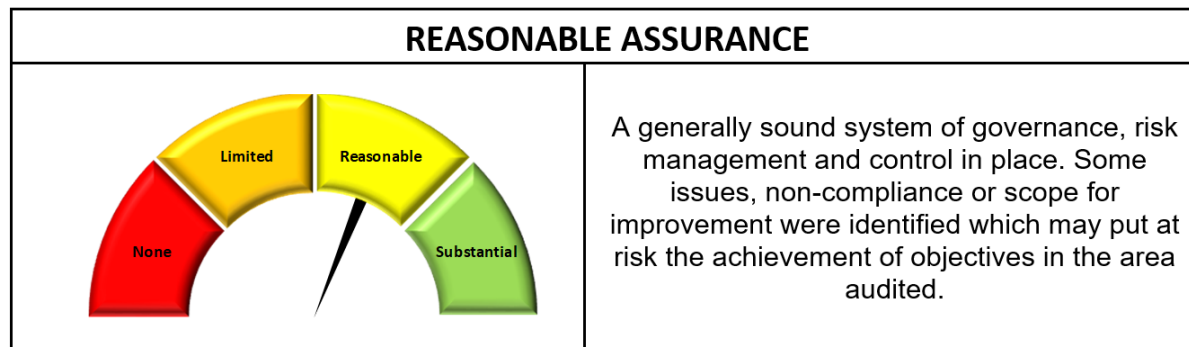
| Opinion | Definition |
|--------------|---|
| Substantial | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited |
| Reasonable | There is a generally 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 1 OCTOBER AND 31 DECEMBER 2021

CORPORATE RISK MANAGEMENT



Key Findings

Areas of positive assurance identified during the audit:

- The performance team have developed a team business plan template that incorporates a risk register that provides the ability to link the risks to deliverables of the team and the corporate priorities.
- Risk is considered in relevant committee reports.
- Risk management process encompasses projects.
- Processes are in place to ensure senior officers and members of the Audit & Governance committee are aware of the strategic risks to the authority and how they are being managed.

The main areas identified for improvement are:

- Full review of the Risk Management Policy to incorporate further information.
- Training required for officers and members, with different levels dependent on job roles.

Five medium recommendations and one low recommendation were made.

| Recommendation | Priority | Response/Agreed Action | Officer Responsible | Implementation Date |
|----------------|----------|------------------------|---------------------|---------------------|
| | | | | |

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|---|--------|--|--|---------------------------|
| 1. A full review of the risk management policy and framework is carried out to ensure that risk management is fully embedded across the whole authority. | Medium | Accepted. This recommendation will be considered in the annual policy update which should occur around the turn of the financial year. | Strategic Director of Housing & Customer Services | May 2022 |
| 2. The risk management intranet pages are reviewed and updated. | Low | Update has been completed | Strategic Director of Housing & Customer Services | Oct 2021 |
| 3. To assist officers tasked with overseeing risk management and to ensure the authority is kept up to date on new and emerging risk management practices membership to ALARM/ Institute of Risk Management should be considered. | Medium | Accepted | Strategic Director of Housing & Customer Services | April 2022 |
| 4. Consideration is given to further promotion of risk management at a service team level to ensure that risk management is embedded across the whole authority. | Medium | Agreed. Further risk promotion work will be undertaken at each annual cycle and will become part of the Team Plan process. Risk management is promoted especially at the project level on an ongoing basis. Performance team have promoted it during an ELT but, further promotion should come from a more strategic level in addition to the Risk Management Group. | Strategic Director of Housing & Customer Services/ Head of Human Resources | Ongoing Review April 2022 |
| 5. A review of the training available is carried out to ensure that all officers and members receive the right level of risk management training, appropriate to their job role/ position. | Medium | Staff Training Agreed, will look at introducing an eLearning module as an overview for all staff, additionally will look to include something a little more detailed in the management training pack that is currently being developed. Members Training | Head of Human Resources | May 2022 |

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| | | <p>We will run an “introduction to Audit & Governance Committee” session following the elections in 2023 as part of the member induction process. This session will be open to all members. It will cover an introduction to the work of the Committee in terms of finance, internal and external audit, risk management and standards/member conduct.</p> <p>More detailed training will be provided to members of the Audit and Governance Committee as part of the induction process.</p> <p>Democratic services have been requested to include both sessions in the induction programme, and they will contact lead officers for the details/dates nearer the time</p> | <p>Head of Legal, Audit Manager, Head of Finance, Strategic Director of Housing & Customer Services</p> <p>Democratic Services Manager</p> | <p>Implemented as now on Democratic Services induction programme</p> <p>Full implementation will be 2023</p> |
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Appendix C

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31st DECEMBER 2021

| Report | | Recommendation | | Rating | Officer Responsible | Target Date | Internal Audit Comments |
|-----------------------|---|----------------|--|--------|---|-------------|--|
| 2020/21 Audits | | | | | | | |
| 3 | Safeguarding | 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. | High | Head of HR and Organisational Development | Jun-21 | IA follow up in September has found this hasn't yet been redrafted as advised this will follow on from the update of the DBS Policy. |
| 3 | Safeguarding | 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. | High | Head of Finance (S151) | Sep-21 | Currently in progress. |
| 8 | Domestic Heating Services Contract Management | 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. 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. | Medium | Asset Team Manager | Aug-21 | Due to resource issues an extension to 31 st January 2022 was requested |

Appendix D

Safeguarding Audit 2020/21 Recommendations Progress

| Recommendation | Priority | Response/Agreed Action | Officer Responsible | Implementation Date with IA update |
|--|----------|---|---|---|
| 1 - Where departments have safeguarding responsibilities officers should ensure that these are relevantly recorded within their business risk assessment. | Medium | <p>This will be addressed at the next meeting of the Risk Group (March 21). Comms to Risk Owners will be sent following meeting.</p> <p>The risk is addressed at a corporate level on the corporate wide Risk Register.</p> | Strategic Director of Housing & Customer Services (in his role as Chair of Risk Scrutiny Group) | <p>Agenda item for next Risk Scrutiny Group meeting 21st March 2021</p> <p>Update – discussed at 21st March RSG and team plans to be updated with a template risk but service specific mitigations.</p> |
| 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 | <p>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.</p> | Community Safety Officer & DSO | Target date April-21 – IA follow up in May confirmed this has been 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 services allocated time to perform this role, and identifying any opportunities for staff who | 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. |

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| <p>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) | <p>By September 2021</p> <p>Progress has started on the statement but as yet this has not been published.</p> |
| <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.</p> <p>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 | <p>Target date - June 2021</p> <p>IA follow up in July confirmed this has been implemented.</p> |
| <p>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.</p> | High | <p>Agreed that check information to be recorded on ITrent etc.</p> <p>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</p> | Head of HR and Organisational Development | <p>Target date - June 2021</p> <p>Follow up in September confirmed this has been implemented.</p> |

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|--|--------|--|---|--|
| | | checks done every 2-3 years, not annually. | | |
| 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 | <p>Target date - June 2021</p> <p>IA follow up in September has found this hasn't yet been redrafted as advised this will follow on from the update of the DBS Policy.</p> <p>IA follow up in December found that DBS policy has yet to be published. Therefore still outstanding.</p> |
| 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. |

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

| Recommendation | Priority | Response/ Agreed Action | Officer Responsible | Implementation Date |
|---|-------------|-------------------------|--|--|
| <p>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.</p> | <p>High</p> | <p>Agreed</p> | <p>Head of Human Resources and Organisational Development in conjunction with the Head of Customer Services, Corporate Property and Assets in his role as Chair of the Statutory Duty Group.</p> | <p>Target date - June 2021</p> <p>This is being progressed with improvement areas being identified and resolved.</p> <p>Internal Audit are reviewing the records as part of the Estates Compliance Arrangements Audit currently in progress.</p> |

Appendix E

2021/22 INTERNAL AUDIT PERFORMANCE

| Performance Measure | Position as at 31.12.21 | Comments |
|---|--------------------------------|---|
| Achievement of the Internal Audit Plan | 27% | 1 audit is currently being drafted, 3 audits are well underway and one is due to start early January. |
| 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 | Achieved | |
| 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. |