

Title of Report	INTERNAL AUDIT PROGRESS REPORT 2021/22 Q4	
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 January 2022 to 31 March 2022 (Q4) is attached at Appendix 1.

Policies and other considerations, as appropriate	
Council Priorities:	An effective internal audit service supports all council priorities.
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment and Climate Change:	None.
Consultation/Community Engagement:	None.
Risks:	There are no specific risks associated with this report.
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INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2021/22 Q4

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 March 2022.

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 three final reports have been issued from the 2021/22 audit plan.

- Green Homes Grant Phase 1b - Substantial
- Grounds Maintenance - Reasonable
- Building Control - Reasonable

The executive summaries for the reports are included at Appendix B.

2.2. The audits currently in progress:

- Estates Compliance Arrangements
- Fire Safety and Management – Housing
- Rent Accounting
- 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). As there are now only 3 outstanding recommendations in total these have been included within the outstanding recommendations table at Appendix C.

3.3. A review of the process for the follow-up of recommendations has been carried out and it has been agreed with CLT that –

- Audit will carry out 2 follow-up reviews, the responsibility to advise audit of the implementation of the recommendation will then be passed to the officer responsible and the relevant head of service. In addition to this a report will be submitted to CLT on a monthly basis detailing all overdue recommendations.
- Audit will continue to report outstanding/ overdue recommendations to Audit & Governance committee.

4. Internal Audit Performance Indicators

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

Appendix A

2021/22 AUDIT PLAN AS AT 31st MARCH 2022

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	19	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	15	Draft Report						
Green Homes Grant Phase 1b Certification	Audit & Certification	10	9	Final	Substantial	-	1	-	-	Certification request yet to be received.
CCTV	Audit	6	-	Cancelled						Postponed due to procurement delays.
Grounds Maintenance	Audit	8	14	Final	Reasonable	-	2	-	2	
Fire Safety and Management - Housing	Audit	8	4	In progress						
Key Housing Systems	Audit	12	-	Postponed to 2022/23						Partially postponed to 2022/23 due to system implementation. Housing Rents is currently in progress – see below.
Housing Rents	Audit	8	6	In progress						
Building Control	Joint Audit	8	6	Final	Reasonable	-	1	3	-	
Project Management	Audit	8	2	In progress						
Covid-19 Related Assurance	Assurance	20	8	As required						Work on Compliance and Enforcement Grant and Business Grants.
New finance system advisory	Advisory	10	2	Monthly						

Audit Opinion Key

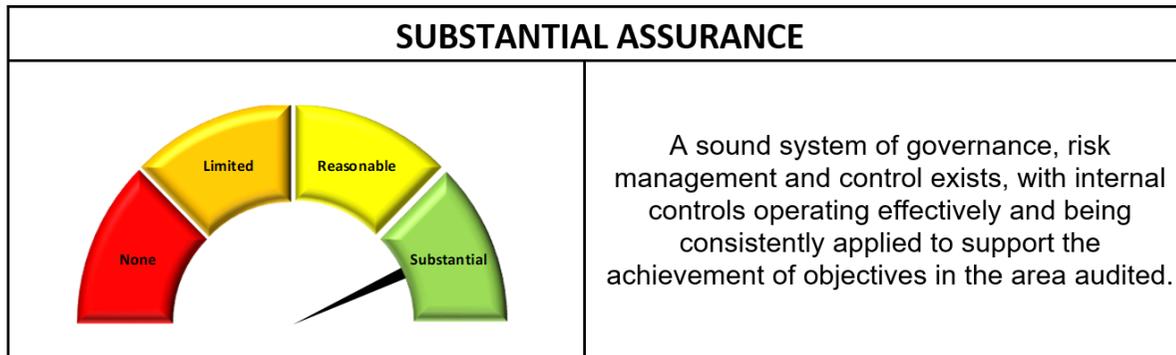
Opinion	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Reasonable	There is a generally sound system of governance, risk management 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 1st JANUARY & 31st MARCH 2022

GREEN HOMES GRANT



Key Findings

Areas of positive assurance identified during the audit:

- Comprehensive records have been maintained detailing those properties selected and the improvements undertaken.
- Monthly progress reports have been provided to BEIS

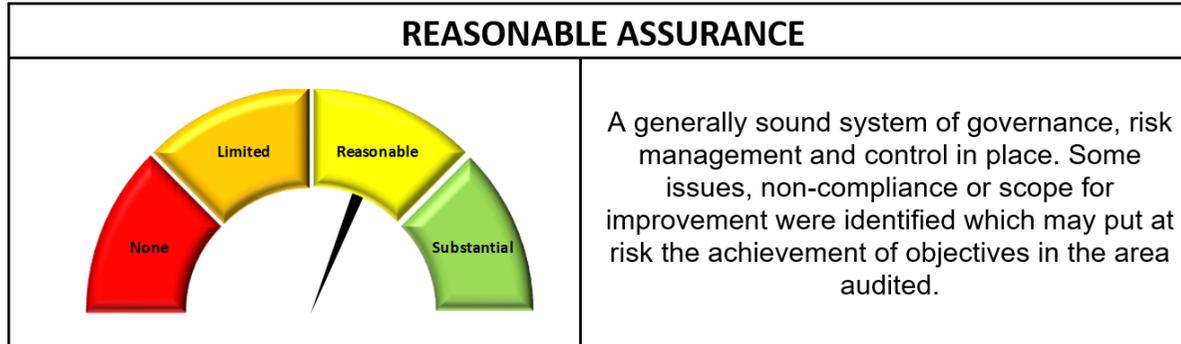
The main areas identified for improvement are:

- Verification of household income.

Appendix 1

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>All evidence should be retained to confirm that the criteria has been fully met as per the grant requirements.</p>	<p>High</p>	<p>We have introduced a new formal process where we take screen shots from the housing system to confirm tenants' income when in receipt of benefits. If the tenants are not on benefits then a home visit/telephone call is arranged to confirm that household income does not exceed £30k. Currently awaiting confirmation from BEIS as to what they believe is acceptable evidence regarding low income checks.</p>	<p>Housing Assets Team Manager</p>	<p>Immediate and ongoing.</p>

GROUNDNS MAINTENANCE



Key Findings

Areas of positive assurance identified during the audit:

- Procedures are in place for key processes.
- Contract procedure rules have been followed for purchases.
- Internal recharges are dealt with promptly and posted to correct ledger codes.
- Contracts are invoiced regularly and correctly.
- There is regular and effective budget monitoring.
- Risk assessments are in place for activities carried out by Grounds Maintenance operatives.
- Processes are in place to ensure customer feedback is appropriately reviewed and responded to.

The main areas identified for improvement are:

- Inventory of plant and equipment.

Appendix 1

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The standard hourly rate to be used for operatives should be reviewed on an annual basis. There should be evidence retained to support the agreed hourly rate to be applied for each financial year.	Low	Hourly rate for operatives to be reviewed annually in liaison with the Finance Business Partner	Parks and Open Spaces Team Leader	1 st April 2022
2. The unpaid invoices raised in 2016 should be considered for write off.	Low	Debts have been discussed with staff at Grounds Maintenance and will be written off or have credit notes applied as appropriate.	Exchequer Services Team Leader	Complete
3. A full review of all equipment held by Grounds Maintenance is carried out and all items are recorded on the inventory with reviews being carried out at least annually going forward to ensure that Financial Procedure Rules are correctly followed.	High	Inventories to be reviewed as a year-end process by 31 May for the previous financial year	Parks and Open Spaces Team Leader	31st May 2022
4. The inventory should include full details of the items, and include purchase and disposal date and details of disposal	High	Process to be implemented to ensure inventories are updated on the purchasing and disposal of equipment	Grounds Maintenance Supervisor	31st May 2022

BUILDING CONTROL



Key Findings

Areas of positive assurance identified during the audit:

- Regular monitoring meetings are taking place, for both the Management Board and Sub-Group.

The main areas identified for improvement are:

- Contract monitoring information, including financial data and key performance indicators, requires review to ensure suitability.
- A process needs to be established that effectively monitors and records issues raised by the Joint Management Board.
- Vacancies within the building control service structure.

Appendix 1

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
A full review of the KPI's is carried out to ensure that the board are fully aware of the current position of the service and to assist in any future decisions.	High	Agreed as per recommendation.	Head of Planning and Regeneration in partnership with Head of Planning and Regeneration (CBC).	May 2022
KPI reports should include both specific period and year to date figures.	Medium	A KPI scorecard has been created in response to a request from the Joint Management Board (JMB) and was presented and adopted in the February 2022 Board meeting.	Presented to JMB in February 2022	Implemented
Each Board/ Group should develop an action plan to regulate direction and record progress.	Medium	Agreed as per recommendation. A suggestion will be made to extend sub-group meetings to discuss the reports being presented to Joint Management Board.	Head of Planning and Regeneration	May 2022
The issue of recruitment and the plans for recruitment to ensure that the service is able to meet the requirements of the agreement is raised at the Joint Management Board. Members of the board should determine the steps being undertaken by Charnwood Borough Council (CBC) to resolve this issue and establish what contingences are in place.	Medium	Agreed as per recommendation. There is a report on recruitment being presented at the next JMB meeting. This is as much a risk to CBC as NWLDC.	Head of Planning and Regeneration in partnership with the Head of Planning and Regeneration (CBC).	May 2022

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31st MARCH 2022

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 has found this hasn't yet been published.
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	Ongoing
4	Health & Safety COVID-19	1	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	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.	Jun-21	This has now been transferred to the compliance audit carried out during 2021/22 and will be followed up there.

2021/22 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31/03/2022	Comments
Achievement of the Internal Audit Plan	70%	1 audit is currently at draft stage, and 3 audits are well underway.
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 3 for 20/21 and 2 for 21/22.
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.