INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2023/24 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 District Council and Charnwood Borough Council. 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 2023/24 Internal Audit Plan up to 31 March 2024.

2. Internal Audit Plan Update

2.1 Progress on the audit plan continues extremely slowly, there have been no final audit reports issued during the quarter to date.

2.3 Four audits are at draft stage, and a further eight are in progress. The 2023/24 audit plan is included at Appendix A for information.

2.4 Progress during quarter 4 has been slower than expected due to only one of the vacancies for the Internal Audit Assistants posts being filled, absences within the audit service and the training requirements of the new members of the team.

3. Internal Audit Recommendations

3.1. Internal Audit monitors and follows up critical, high and medium priority recommendations. Further details of overdue and extended recommendations are detailed in Appendix B for information.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
21/22	-	-	8	3	-	-
22/23	4	1	6	6	-	-
23/24	-	1	-	-	-	-

4. Internal Audit Performance Indicators

4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix C.

2023/24 AUDIT PLAN AS AT 31 MARCH 2024

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Housing Repairs Q1	Audit	10	41	In progress						These audits have been combined in to one audit to be completed during Q3 & Q4
Housing Repairs Q2	Audit	10								
Housing Repairs Q3	Audit	10								
Housing Repairs Q4	Audit	10								
Housing Planned Maintenance Q1	Audit	10	6	In progress						These audits have been combined in to one audit to be completed during Q3 & Q4
Housing Planned Maintenance Q2	Audit	10								
Housing Planned Maintenance Q3	Audit	10								
Housing Planned Maintenance Q4	Audit	10								
Asbestos Management	Audit	10	8	In progress						
HMO/ Selective Licensing	Audit	10	0.5	Planning						
Safeguarding	Audit	8	19.5	Draft						
Fleet Management & Operating Licensing	Audit	8	8	In progress						
Tree Stock Management	Audit	6		Postponed						Postponed until 24/25 due to a tree strategy currently being written.
Protect Duty	Audit	8		Cancelled						Postponed until legislation is in place.
New finance system	Advisory/ Testing	10	5	Completed	Not applicable					
Key financial systems	Audit	40	0.5	Planning						
Treasury Management	Audit	4	4.5	In progress						
Workforce Planning	Audit	10	4	Draft						
IT Asset Management	Audit	10	10	Completed	Reasonable		1	3	3	
Remote Support & Data Exchange	IT Audit Contractor	IT Contractor		Draft						

Cyber Security	IT Audit Contractor	IT Contractor		Draft							
Corporate Policy Management	Advisory/ Data analysis	10	8	Completed							
Capital Programme Management	Audit	10	0.5	Planning							
Transformation Projects	Advisory	5		As required							
Climate Change Strategy	Audit	10		Postponed							C/f to 2024/25
Procurement andContract Management	Audit	10	11	In progress							
Grant Assurance	Assurance		7	As required							

EXTENDED RECOMMENDATIONS AS AT 31 MARCH 2024

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	CLT	Original Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Further Management update	Further extension date
2021/22	Corporate Estates Management	2 A performance monitoring and reporting framework is introduced which includes contractor and legislative compliance performance monitoring and periodic reporting to the Statutory Duty Group and, where necessary, the Corporate Leadership Team.	High	Overlapping with the audit we have begun the introduction of a performance monitoring framework, utilising a RAG system. This will be reported through to CLT. It would be beneficial to include properties not managed by property services into this report.	Head of Economic Regeneration	Head of Economic Regeneration	Oct-22	Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance.	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	Dec-23 Contractor performance is currently being monitored via the Statutory Duty Group. Further improvements are expected to be delivered by the council adopting a digital Asset Management System to work alongside the Asset Management Toolkit currently being prepared. Work to identify Asset Management Systems is with implementation and onboarding likely to take six months.	Oct-24
2021/22	Corporate Estates Management	3 To ensure that the authority is fully meeting its legislative responsibilities in an efficient and effective manner consideration is given to introducing a true corporate landlord model for corporate property.	High	Since the publication of the 2020 report, there has been considerable change in both the operation of the council, its ability to address some strategic issues due to the pandemic, and more recently changes in property service management, housing senior management and the Chief Executive, along with changes to our accommodation strategy. So as to address the above we will undertake a further assessment of options for the operation and scope of an overall property function spanning all of our assets, and consider how this is best addressed in the future.	Strategic Director	Strategic Director	Mar-23	Extended to align with other recommendations	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	Dec-23 As detailed above, the adoption of a new system will assist with meeting legislative compliance. Following this full consideration will be given to adopting a corporate landlord model.	Oct-24 for system implementation Dec-24 for decision on the adoption of a corporate landlord model.
2021/22	Corporate Estates Management	4 The process for recording and monitoring issues through the compliance tracker is fully implemented and a reporting framework is put in place, to ensure that any remedial actions or works required are identified and tracked to fruition in a timely manner	Medium	Agreed – for the property services managed properties. This may take longer to fully implement if we follow a corporate landlord model. If not then there will not be assurance for all properties.	Head of Economic Regeneration	Head of Economic Regeneration	Oct-22	Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance.	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	As per recommendation 2	Oct-24

2021/22	Corporate Estates Management	6 A comprehensive record of all assets and statutory inspections/ checks that are required by the Council is introduced. These records should cover all services and be monitored and reported against on a regular basis to ensure testing/ checks have taken place as required. Note: This recommendation was made in the Health and Safety Audit, undertaken in February 2021 (due for implementation in June 2021) and as yet has not been implemented.	High	Not all of these assets are owned by the authority. The scope of the contracts need to be known and recorded and performance monitored against this. Where assets are owned by the authority these will be detailed as required.	Head of Economic Regeneration	Head of Economic Regeneration	Mar-23	Extended to align with other recommendations	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	The digital Asset Management System will automatically schedule inspections at the required frequency. It is expected that a decision on which Asset Management system is to be adopted will be taken by 31/3/2023 with implementation and onboarding likely to take six months thereafter.	Oct-24
2021/22	Project Management	1.A project management policy is implemented that describes the essential elements of all projects/ programmes (e.g. project / programme identification through to authorisation, officer responsibilities, reporting requirements, requirement of the use of the toolkit etc), to ensure that all projects are effectively managed, and relevant governance and controls are in place.	High	Agreed. CLT need to revisit and agree the programme framework, review/refresh the toolkit, to see if it is still relevant, and then look at the resources for programme management with the new Chief Executive, including looking at where the function sits again, if needed. There is project management support to projects but there is not clear programme management, which is owned and maintained by one person/ service area, and which then collates and reports to CLT/ Members via relevantly timed reports.	Director of Resources	Director of Resources	Dec-22	Recommendation extended due to corporate review	Sep-23	Oct 23 - A project management policy has been drafted, alongside Project and Programme Management Procedures. Currently liaising with the LGA to review the policy and associated documents. Following this, there will a programme of activity to approve the policy, rollout the templates, replacing current templates on the sharepoint site and a suite of training for officers across the Council.	Mar-24	Mar-24: The Council is taking a strategic approach to project management by finalising comprehensive guidance rather than implementing a rigid policy. This guidance will be supported by practical templates, which are set to be published on the Council's intranet site shortly (previous project management office templates will be removed). These resources aim to provide officers with a clear understanding of the processes and governance involved in managing projects effectively. The guidance document is designed to be a dynamic tool, adaptable to the evolving needs of the Council's projects and teams, ensuring that project management practices can be tailored to specific project requirements. This approach allows for flexibility and adaptability.	April-24
2021/22	Project Management	2. A corporate approach to project management is agreed, implemented, relevantly managed, and communicated to	High	As above	Director of Resources	Director of Resources	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24	Mar-24: Upon the publication of guidance and templates on the intranet, a communication plan will be implemented to inform all staff. The	April-24

		all staff on a consistent and regular basis.										Director of Resources will collaborate with Communications Manager to ensure that the key messages are effectively disseminated and reinforced throughout the year.	
2021/22	Project Management	3. All corporate projects should be monitored and recorded.	High	As above	Director of Resources	Director of Resources	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24	Mar-24: A comprehensive list of corporate projects will be established to ensure effective management and oversight. This centralised list, will be maintained by the Director of Resources, with regular reviews by the Corporate Leadership Team to further reinforce the commitment to strategic alignment.	April-24
2021/22	Project Management	4. The role of the Organisational Performance Team in monitoring of projects, as referred to in the report to CLT, should be pursued.	High	As above	Director of Resources	Director of Resources	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24	Mar-24: See (3) above, - the Director of Resources plays a pivotal role in the initial phase of project monitoring, ensuring that the objectives align with the broader Transformation agenda. As projects evolve, this role may expand or shift to include other stakeholders, but initially, the Director of Resources will have overall responsibility in this process.	April-24
2021/22	Project Management	5. A reporting structure is agreed and disseminated to ensure all relevant parties are aware of projects, progress of projects and any issues and reports are presented in a timely manner.	Medium	As above	Director of Resources	Director of Resources	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24	Mar-24: The establishment of robust governance structures, such as the Capital Strategy Group, Transformation Steering Group, and the Housing Improvement Board, under the overarching supervision of the Corporate Leadership Team, is a significant step towards ensuring that projects are developed, approved, and monitored effectively.	April-24
2021/22	Project Management	6.The highlight reports to boards should contain details of the project approval.	Medium	As above	Director of Resources	Director of Resources	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24	Mar-24: The highlight report template will be updated to include these details.	April-24

2021/22	Project Management	7.Following agreement of a corporate approach to Project Management suitable training should be made available to enable staff to effectively manage projects.	High	As above	Director of Resources	Director of Resources	Dec-22	Recommendation extended due to corporate review	Sep-23	As per recommendation 1	Mar-24	Mar-24: The upcoming training sessions, scheduled for later this year, will be particularly beneficial once the new templates and guidance materials are available. Paul Kaerger, with his expertise from PKMS, will be a good choice to lead these sessions, bringing valuable insights and experience to the training program.	April-24
2022/23	Rent Accounting and Arrears	10. With the introduction of Unit 4 (new Finance System) the rent debit should be uploaded automatically from the Housing System to the General Ledger each week. This should enable weekly reconciliations between the two systems to be carried out.	High	Agreed	Housing Strategy and Systems Team Manager	Director of Communities	Aug-23	Aug 23 – No response	Sept 23	Sept 23 - Issues regarding UNIT4 - meeting with Finance planned for w/c 11.9.23. Will require an extension to the implementation date.	Oct 23	Nov-23 Further extension requested. Mar-24: Due to the continued issues with Unit 4 a further extension has been requested.	~~Mar-24~~ Sept-24
2022/23	Rent Accounting and Arrears	1.The policies and procedures held by both the Rent Accounting and Housing Management Teams should be reviewed and updated where necessary. Any obsolete / out of date policies should be archived.	Medium	Agreed – consultation is required for certain policies.This can also be picked up as part of the Policy audit whereby all council policies are listed, with the author and recommended review date.	Housing Strategy and Systems Team Manager and Housing Management Team Manager.	Director of Communities	Dec-23	Dec 23 – This will be picked up following the policy audit report being presented to CLT.	June-24				
2022/23	Payroll	4. Sample testing should be undertaken when changes to standing data occur to confirm they have been correctly applied.	High	Agree – sample checking to be undertaken and evidence retained.	Payroll Officer / HR Analyst	Director of Resources	Dec-23	Dec-23 Testing to be undertaken in January with changes to NI and again Feb/ March.	April-24				
2022/23	Payroll	2. A regular review of the iTrent audit log is carried out by an independent officer to ensure functions are appropriate to the officer.	High	Agree – appropriate audit log to be sourced, possibly reviewed by Senior HR Advisors.	Head of HR and Organisational Development.	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24				
2022/23	Payroll	3.Consideration should be given to providing training to a member of the Human Resources Team to ensure business continuity in the event of the absence of the HR Analyst.	Medium	Agree – training to be provided to a member of the HR Team but may require additional resource.	Head of HR and Organisational Development.	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24				

202223	Payroll	6. A review of the payroll checking process is carried out to eliminate duplication, reduce the risk of fraud and ensure independence in the review and checking of the monthly payroll.	High	Agree – current payroll checks to be reviewed and revised.	Exchequer Services Team Leader and Head of HR and Organisational Development	Director of Resources / Head of HR and Organisation al Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24			
2022/23	Payroll	7. A full review of user access is carried out, in particular System Administrator access should be reviewed, and the number reduced.	High	Agree – access to be reviewed and removed where no longer required.	Head of HR and Organisational Development	Head of HR and Organisation al Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24			
2022/23	Payroll	8. A review of the access for the HR Analyst should be undertaken and access removed / disabled where no longer required.	High	Agree – access to be reviewed and removed where no longer required.	Head of HR and Organisational Development	Head of HR and Organisation al Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24			
2022/23	Payroll	9. Consideration should be given to ICT undertaking the System Administration role within iTrent. This would assist with the separation of duties, referred to in recommendation 1.	Medium	Agree – will discuss transfer of responsibilities with IT Manager.	Head of HR and Organisational Development	Head of HR and Organisation al Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24			
2022/23	ASB	1. The Anti-social Behaviour Policy is reviewed as stated to ensure it is complies with the Anti-Social Behaviour Act 2003, Crime and Disorder Act 1988 and Anti-Social Behaviour, Crime and Policing Act 2014.	Medium	Agreed as per recommendation. This will require multi agency and Community Safety and Environmental Health services input and consultation and will need Cabinet approval. This is reflected in the implementation date.	Housing Management Team Manager.	Head of Housing	Mar-24	March 24: Policy to go to Cabinet in April.	April 24			
2022/23	ASB	2. The performance indicators are reviewed and where appropriate new indicators added to measure performance against the incremental approach.	Medium	Review the indicators in line with the review of the ASB policy. With the intention to make the indicators for community safety and housing the same.	Housing Management Team Manager.	Head of Housing	Mar-24	March 24: New set of indicators within the policy. Extension to ensure that these are fully embedded and reported following the approval of the Policy at Cabinet. These indicators will be reported to the Housing Improvement Board	July 24			

| 2022/23 | ASB | 3. Statistical information and benchmarking is completed to ensure comparison for best practice, and identifying trends, in accordance with the ASB Policy. | Medium | This statement within the policy was intended for housing, as the policy is driven by housing legislation and will be reviewed as part of the policy. Housing response 17.7.23: a new suite of indicators is now being captured in line with the Tenant satisfaction measures outlined by the Social Housing regulator. | Housing Management Team Manager. | Head of Housing | Mar-24 | March 24: New set of indicators within the policy. Extension to ensure that these are fully embedded and reported following the approval of the Policy at Cabinet | July 24 | | | | |

2023/24 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.03.2024	Comments
Achievement of the Internal Audit Plan	25%	Two final audits, four audits at draft stage, eight audits in progress.
Quarterly Progress Reports to Management Team and Audit and Standards Committee	Achieved	
Follow up testing completed in month agreed in final report	Achieved	
Annual Opinion Report - July 2023 Audit and Governance Committee Meeting	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on three for 2022/23 and one for 2023/24
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried out w/c 30 November 2020 which confirmed that the Council conforms with the Public Sector Internal Audit Standards.