



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

**Internal Audit Progress Report 2023/24 Q2
up to 7 September 2023**

1. Introduction

1.1 Internal Audit is provided through a shared service arrangement by North West Leicestershire District 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 update on Internal Audit activity during 2023/24 Q2 up to 31 August 2023.

2. Internal Audit Plan Update

2.1 The 2023/24 audit plan is included in Appendix A for information and shows the audits in progress. Since the last update report three audit reports have been issued -

- Responsive Repairs Q3 2022/23
- Rent Accounting 2022/23
- Responsive Repairs Q1

The executive summaries for these reports are included at Appendix B

2.2 The audits due to take place during quarter 3 are:

- Planned & Cyclical Maintenance Q3
- Responsive Repairs Q3
- Community Grants
- Performance Monitoring
- Mandatory Training
- Contract Monitoring
- Corporate Project Management

3.0 Outstanding Recommendations

3.1 Internal Audit monitor and follow up critical, high and medium priority recommendations. Further details of overdue and extended recommendations are detailed in Appendix C for information.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
20/21	-	-	1	-	-	-
21/22	-	-	5	3	1	2
22/23	11	22	7	10	-	2
23/24	1	-	-	-	-	-

4.0 Internal Audit Performance Indicators

- 4.1 Progress against the agreed Internal Audit performance indicators is included in Appendix D. There are no areas of concern to highlight.

5.0 Internal Audit Charter

- 5.1 The Audit Manager has completed the annual review of the Charter, detailed in full in Appendix E.

APPENDIX A

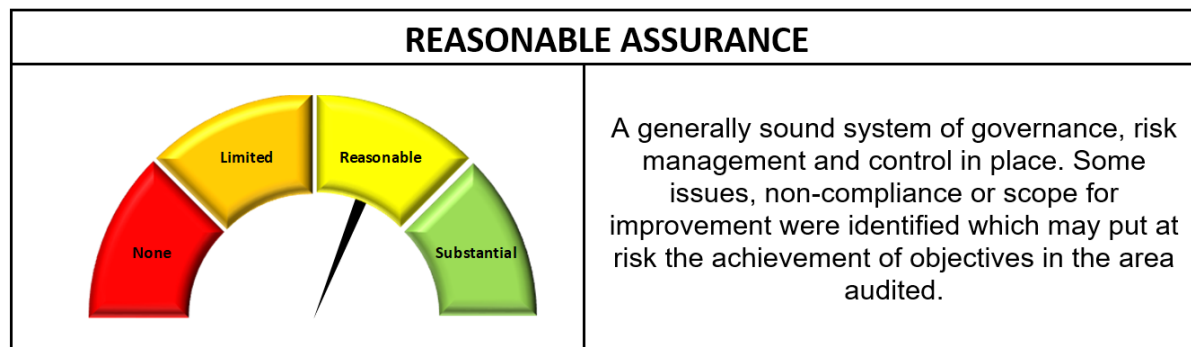
AUDIT PLAN 2023/24 AS AT 7 SEPTEMBER 2023

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Disabled Facilities Grants	Certification	3	1.5	In progress						
Disabled Facilities Grants	Audit	9	-	Q2						
Selective/ HMO Licensing	Audit	10	-	Q4						
Housing Standards Service	Audit	8	1	In progress						
Planned & Cyclical Maintenance Q1	Audit	9	4.5	Report drafting						
Responsive Repairs Q1	Audit	9	10	Completed	Reasonable	-	1	-	1	
Planned & Cyclical Maintenance Q2	Audit	9	4.5	Report drafting						
Responsive Repairs Q2	Audit	9	0.5	Engagement Planning						
Planned & Cyclical Maintenance Q3	Audit	9	0.5	Engagement Planning						
Responsive Repairs Q3	Audit	9	-	Q3						
Planned & Cyclical Maintenance Q4	Audit	8	-	Q4						
Responsive Repairs Q4	Audit	8	-	Q4						
Gas & Asbestos Compliance	Audit	10	-	Q4						
Mould & Damp	Audit	10	1	Engagement Planning						
Community Grants	Audit	6	-	Q3						
Performance Monitoring	Audit	8	-	Q3						
Mandatory Training	Audit	8	-	Q3						
Transformation Projects	Advisory	5	1	Ongoing						
Key Financial Systems	Audit	55	-	Q3/Q4						
Benefits Subsidy	Assurance	40	35	In progress						
IT Asset Management	Audit	8	0.5	Q1						Postponed to Q3
Contract Monitoring	Audit	9	-	Q3						
Corporate Policy Management	Audit	8	5	In progress						
Corporate Project Management	Audit	9	-	Q4						

Safeguarding	Audit	10	6	In progress						
Protect Duty	Audit	8	-	Q4						
Remote Support & Data Exchange	Audit	10	-	IT Audit Contractor						
Itrent Application Review	Audit	10	-	IT Audit Contactor						
Grants	Assurance	5	3.5	Ongoing						

SUMMARY OF FINAL AUDIT REPORTS ISSUED UP TO 7 SEPTEMBER 2023/24

RESPONSIVE REPAIRS Q3 – VOID PROPERTY REPAIRS 2022/23



Key Findings

Areas of positive assurance identified during the audit:

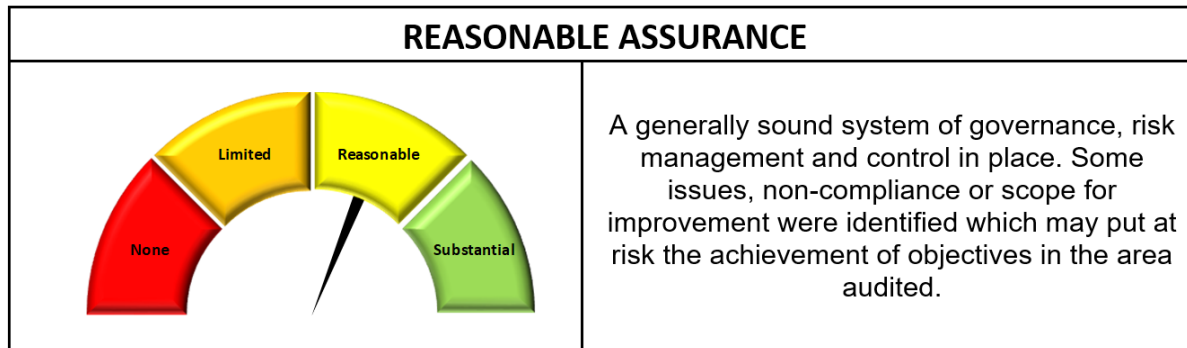
- A comprehensive flow diagram of the complete voids process is in place.
- Procedure guides are in place for the key order processes.
- Processes are in place to ensure that repairs are relevantly prioritised.
- Processes are in place to identify and raise any further works orders as necessary.
- All invoices received from the contractor are checked for accuracy prior to payment.

The main areas identified for improvement are:

- Order monitoring procedures need implementing to ensure variances between the housing management system (QL) and service connect are identified and order target dates met.
- The process for dealing with further works identified by the contractor needs to be reviewed.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Order monitoring processes are put in place to ensure variances between the systems are identified; order target dates are met and performance monitoring is accurately reported.	Medium	Agreed as per recommendation. Working with software provider to try and introduce an auto closure process, within agreed order value limits. Clean up of orders is in progress however this is manual process. Additionally staffing resources are need to clear backlog and keep on top of it in the future.	Director of Housing and Wellbeing and Repairs and Investment Manager.	April 2024
2. The process for dealing with further works needs reviewing to ensure that orders are updated appropriately.	Medium	Agreed as per recommendation. Additional staffing resource is needed.	Repairs and Investment Manager.	December 2023.
3. Performance data is obtained from the contractor in accordance with the contract, to ensure that performance targets are appropriately monitored and managed.	Medium	Agreed as per recommendation. Progress meetings are in place. Plans are in place to increase the budget for additional management resource for voids.	Director of Housing and Wellbeing and Repairs and Investment Manager	April 2024.

RENT ACCOUNTING 2022/23



Key Findings

Areas of positive assurance identified during the audit:

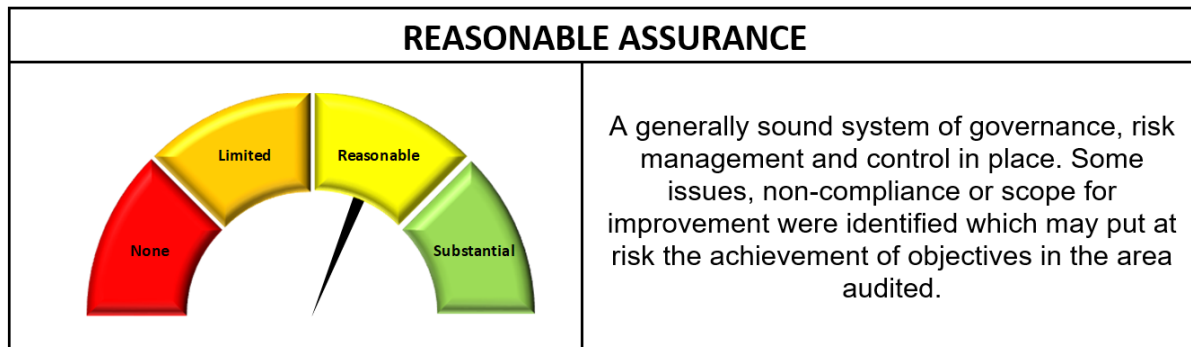
- Processes are in place to ensure that annual and new rents are set in line with the Rents Policy and appropriately uploaded to the housing system.
- Collection rates are regularly monitored for both rental income and arrears.
- Arrears are pursued appropriately for both current and former tenants.
- Suspense accounts regularly reviewed and cleared.

The main areas identified for improvement are:

- Review of rent accounts in credit.
- Monitoring access to QL and removal of leavers.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1.Accounts in credit should be regularly reviewed and actioned to ensure that amounts do not become excessive, and amounts are correctly credited back to the original payment account to reduce the risk of fraud and money-laundering. (It is noted that a refund has now been made to the tenant with a credit balance in excess of £5,900.00).	High	Agreed – accounts over £1000 in credit to be reviewed. Monthly reports to be produced to identify rent accounts with credit balances in excess of £600 for review by Income Officers.	Income Management Team Leader	31 st July 2023
2.To ensure that action is taken as recommended above the appropriate policy and procedure documents should be updated to incorporate review of rent accounts in credit.	Medium	Agreed – will be incorporated into Rent Recovery procedures.	Income Management Team Leader	31 st October 2023
3.Access to QL for the two users identified who no longer work for the council should be disabled / removed.	Medium	Agreed – Corporate Leaver Form has now been amended and details of leavers are being received by the Housing Systems Team Leader. Two leavers identified have had access removed.	Housing Systems Team Leader	N/A Already implemented.
4.Quarterly reviews of access to QL should be undertaken to ensure leavers have been appropriately removed and to identify officers who have not accessed QL and confirm whether access is still required.	Low	Agreed – however don't feel that there is a need for a quarterly review.	Housing Systems Team Leader	N/A Already implemented

RESPONSIVE REPAIRS Q1 – EMERGENCY REPAIRS



Key Findings

Areas of positive assurance identified during the audit:

- Repairs are relevantly prioritised.

The main areas identified for improvement are:

- Payment for services where there is no schedule of rates in place.

A number of recommendations remain outstanding from the responsive repairs' audits undertaken during 2022/23. These recommendations have not been duplicated in this report. The recommendations are being followed up as per our follow-up procedure.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Sample checking is undertaken until the new process is fully embedded to ensure the process is being followed consistently.	Low	Spot checks are being undertaken by the Controllers to ensure officers are consistent in their approach.	Principal Officer Customer Engagement Older Persons Services	Implemented.
2. A schedule of rates is agreed with Midland Windows to ensure that the authority is adequately protected during the period of procuring a new contract.	High	Agreed as per recommendation. A dynamic purchasing service was progressed however the successful contractor did not sign the contract and this has resulted in the procurement process starting again.	Repairs and Investment Manager and Principal Officer – Repairs and Maintenance.	October 2023

RECOMMENDATIONS TRACKER AS AT 7 SEPTEMBER 2023

OVERDUE RECOMMENDATIONS

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Original Due Date	1st Follow up comments	Ext Date	Second Follow up comments	Ext Date	Further Management update	Further Extension
2021/22	Commercial Lettings	1. A full set of procedure documents should be in place which cover all key aspects of the Commercial Lettings area.	Medium	Agreed to implement local procedures to cover areas.	Strategic Asset Manager, Business Centre / Ind Managers and Senior Property and Asset Officer.	Dec-21	No response received	Mar-22	No response received	Apr-22	Currently drawing up a new set of templates to be used. The procedure documents will then follow.	Nov-22 Mar-23
2021/22	Commercial Lettings	2. Increases in rent charges should be calculated in line with Section 7 of the lease agreement. Details of how the increase has been calculated should be retained. The decision as to whether or not to increase rents should be formally documented and appropriately agreed.	Medium	Flat 3% increase applied for 3 years to 20/21 due to no previous increases being made. Going forward rent increases will be carried out in line with the lease agreement.	Strategic Director of Commercial Development, Asset and Leisure and Strategic Asset Manager.	Apr-22	No response received	May-22	No response received	Jun-22	As at 11th August 2022 no rent reviews have been completed but work is being carried out to review the rents.	Nov-22 Mar-23
2021/22	Commercial Lettings	4. A breakdown of all service costs is calculated to ensure it covers all rechargeable cost, as per the lease agreement. This is then provided to the tenant two months prior to the service charge review date, again, as per the lease agreement.	High	Agreed, a process will be implemented across all teams. As leases expire these will be reviewed and brought into line with the process.	Strategic Director of Commercial Development, Asset and Leisure and Strategic Asset Manager.	Apr-22	No response received	May-22	No response received	Jun-22	As at 11th August 2022 no rent reviews have been completed but work is being carried out to review the rents.	Nov-22 Mar-23
2022/23	IT Health Check	9. All testing documentation should be added to the service call raised for the change management process.	Medium	Existing change management process includes a testing phase, which will be updated to ensure user testing results are captured. As discussed with Audit, the priority level should be reduced as an existing 'Pre-implementation UAT' test stage is in place (and will be updated to include further controls). There are also subsequent phases in the change management process to ensure the change applied is successful and communicated to services/users involved.	Information Technology Delivery Manager	Jul-23	Aug-23 – Awaiting evidence.					

2022/23	IT Health Check	9. All testing documentation should be added to the service call raised for the change management process.	Medium	Existing change management process includes a testing phase, which will be updated to ensure user testing results are captured. As discussed with Audit, the priority level should be reduced as an existing 'Pre-implementation UAT' test stage is in place (and will be updated to include further controls). There are also subsequent phases in the change management process to ensure the change applied is successful and communicated to services/users involved.	Information Technology Delivery Manager	Jul-23	Aug -23 -Advised approval checks will be undertaken as part of all future change requests to ensure sufficient testing documentation is included as part of the 'pre-implementation' stage. Awaiting evidence to support implementation.					
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Extended Recommendations

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Original Due Date	1st Follow up comments	Ext Date	Second Follow up comments	Ext Date	Further Management update	Further Extension
2021/22	Asset Management	<p>1. Officers ensure that a new Asset Management Strategy is produced and approved in time to replace the current strategy and that it becomes a working document that is updated as the priorities of the council develop over the time.</p> <p>Management should consider existing resources, such as the Royal Institution of Chartered Surveyors Asset Management Guidelines and Department of Communities and Local Government framework for Local Authorities on Asset Management when developing the Strategy and any related documents.</p>	High	A revised Strategy, with guiding principles rather than a list of objectives, will be put in place to lead the council forward	Strategic Director of Commercial Development, Asset and Leisure	Apr-22	No response received	May-22	No response received	Jun-22	<p>Work environments have not allowed this to be recorded as yet but basic principles of law and regs are underpinning the asset in situ. Those assets surplus to req are being brought to cabinet to be declared with a view to sell. Guidance and statute are being followed and best value being achieved, assets with tenants are being managed in accordance with their lease and the obligations with the council there in.</p> <p>April 23 – Due to other work pressures and staffing it has not been possible to complete this recommendation.</p>	<p>Mar-23</p> <p>Mar-24</p>
2021/22	Asset Management	2. Officers ensure that all policies and documents are in place, up to date and available to support the progression of the strategy.	High	As per recommendation one.	Strategic Director of Commercial Development, Asset and Leisure	Apr-22	No response received	May-22	No response received	Jun-22	<p>All currently linked policies are in place in relation to env management. These will be decoupled from the future strategy and only relevant policies written and maintained given that regs are in place to support strategy</p> <p>April 23 – Due to other work pressures and staffing it has not been possible to complete this recommendation.</p>	<p>Mar-23</p> <p>Mar-24</p>
2021/22	Asset Management	3. The processes in place for managing the asset information are formalised. These processes should at least describe how council's collect, analyse and evaluate the information to ensure decision making is evidence based and identifies the roles and responsibilities of the officers involved in those processes	High	Relevant processes will be put in place as per response to recommendation one.	Strategic Director of Commercial Development, Asset and Leisure	Apr-22	No response received	May-22	No response received	Jun-22	<p>To be developed in line with the strategy in rec 1</p> <p>April 23 – Due to other work pressures and staffing it has not been possible to complete this recommendation.</p>	<p>Mar-23</p> <p>Mar-24</p>
2022/23	Treasury Management	1. The Treasury Management Practices document is reviewed to ensure it complies with 2021 CIPFA Treasury Management Code.	Medium	Agreed as per recommendation. The Treasury Management Strategy has already been updated in line with the	Head of Finance and Senior Income Officer.	May-23	May-23 - Needs further work. TM Strategy 23/24 updated in line with CIPFA Code. TM Practices still require review.	Jul-23	Aug-23 TM Practices still require updating	Oct-23		

				CIPFA Code and was approved by Council in February 2023.								
2020/21	Asbestos Management	9. A review of the information held on the asbestos register is carried out and updated to ensure that the authority is meeting its legislative requirement in relation to keeping an up-to-date record of the location and condition of the asbestos- containing materials - or materials which are presumed to contain asbestos.	High	Agreed, current system to be reviewed, developed, or replaced as appropriate.	Compliance Manager	Aug-21	Due to IT systems this had to be further extended.	Dec-21	Due to IT systems this had to be further extended. May-22 still waiting on SharePoint transfer	May-22	Admin staff to input all links this process will take some time but anticipated to be in place within 6 months. Jan-23 - Creation of the ASB Visual files is now complete but there are almost 6000 files now to uploaded. Apr-23 - Delays due to technical issues resulting in not being able to upload to the Alpha Tracker. May-23 - Problems with the contractor completing surveys and updating the tracker have continue. The service is now undertaking a procurement exercise for a new contractor, hopefully to commence June 23. This will potentially mean the alpha tracker will no longer be used. It is intended that management surveys will be undertaken on the properties when the new contract commences.	Jan-23 May-23 Sept-23
2021/22	Acquisitions Policy	3. The acquisitions procedure is updated to include the beginning of the process, starting with how a property is identified.	Medium	Agreed as per recommendation	Head of Strategic and Private Sector Housing.	Dec-21	Apr-22 Following a meeting with the Director it was agreed that a full review of the process and policy should be completed to ensure appropriate segregation of duties and authorisation throughout. Audit will provide suggestions. Given that there is a corporate review underway it is likely delegations will be reviewed in September. May-22 - Policy and Procedure Documents reviewed and returned to Director for consideration.	Oct-22	Due to staffing changes the implementation of recommendations has been delayed	Apr-23	The acquisitions and disposals policy, and related procedures are in the process of being fully reviewed	Sep-23
2021/22	Acquisitions Policy	4. Management ensure that purchases are made in line with the policy.	High	The Policy to be reviewed again and any amends to be approved in line with the Constitution, and a revised copy of the Policy to be uploaded to the website.	Head of Strategic and Private Sector Housing.	Dec-21	Apr-22 Following a meeting with the Director it was agreed that a full review of the process and policy should be completed to ensure appropriate segregation of duties and authorisation throughout. Audit will provide suggestions. Given that there is a corporate review underway it is likely delegations will be	Oct-22	Due to staffing changes the implementation of recommendations has been delayed	Apr-23	The acquisitions and disposals policy, and related procedures are in the process of being fully reviewed	Sep-23

							reviewed in September. May-22 - Policy and Procedure Documents reviewed and returned to Director for consideration.					
2021/22	Acquisitions Policy	5. The procedures are updated to ensure that they fully reflect the requirements of the policy.	Medium	Update the procedures to reflect the requirements of the Policy.	Head of Strategic and Private Sector Housing.	Dec-21	Apr-22 Following a meeting with the Director it was agreed that a full review of the process and policy should be completed to ensure appropriate segregation of duties and authorisation throughout. Audit will provide suggestions. Given that there is a corporate review underway it is likely delegations will be reviewed in September. May-22 - Policy and Procedure Documents reviewed and returned to Director for consideration.	Oct-22	Due to staffing changes the implementation of recommendations has been delayed	Apr-23	The acquisitions and disposals policy, and related procedures are in the process of being fully reviewed	Sep-23
2021/22	Acquisitions Policy	6. A full review is carried out in relation to the delegated authority in this process to ensure that there is independence within the process.	High	Agreed. Will discuss the process and decision-making changes required with Democratic Services. Head of Strategic and Private Sector Housing management comment: The day-to-day management of the process is normally the responsibility of the Housing Strategy and Support Manager, however this post is currently vacant.	Strategic Director of Community, Planning and Housing	Mar-22	Apr-22 Following a meeting with the Director it was agreed that a full review of the process and policy should be completed to ensure appropriate segregation of duties and authorisation throughout. Audit will provide suggestions. Given that there is a corporate review underway it is likely delegations will be reviewed in September. May-22 - Policy and Procedure Documents reviewed and returned to Director for consideration.	Oct-22	Due to staffing changes the implementation of recommendations has been delayed	Apr-23	The acquisitions and disposals policy, and related procedures are in the process of being fully reviewed	Sep-23
2021/22	Choice Based Lettings	2. Procedure guides are reviewed to ensure they cover all aspects of the housing allocations process in more detail.	Medium	Agreed	Housing Needs Manager and Housing Allocations Team Leader	Apr-23	May-23 - no response received	Jun-23	A review of the entire allocations process is in progress with the support of the organisational development team.	Dec-23		
2022/23	Responsive Repairs - Emergency Repairs Q1	1. All key procedures are documented and made accessible to staff, these should support relevant policies and tenancy guides.	Medium	Agreed as per Recommendation	Repairs and Investments Manager and Principal Officer -Repairs and Maintenance	Aug-23	Aug-23 - The responsive repairs process is currently being mapped and any subsequent procedures will be developed after this.	Mar-24				

2022/23	Responsive Repairs - Emergency Repairs Q1	5. A procurement exercise is carried out for this area of work to ensure that the authority is following contract procedure rules.	High	A procurement process is in progress for this work.	Repairs and Investments Manager	Dec-22	Dec-22 - Contract still requires signing. Mobilisation of contract to be March 23, waiting for EEM to response.	Mar-23	Mar-23 - requested extension, contract mobilisation delayed. Apr-23 - contractor pulled out and procurement process has to be done again.	Oct-23		
2022/23	Responsive Repairs - Emergency Repairs Q1	7. The processes to identify where further works are needed, following an emergency call out, are reviewed to ensure that all further works are captured and acted upon.	High	Generic email address for the RTL set up and will be contacting the relevant contractors to advise this the email address to use in future. Investigate why service connect is not retaining the surveys. Upload the document RTLS received via email on service connect in the meantime.	Principal Officer -Repairs and Maintenance	Oct-22	A generic email address has been set up. This has been raised with the service provider and is currently under review however an extension is required for this to be completed.	Dec-22	Dec-22 - Established surveys are on Service Connect. Need to establish how to forms can be completed for orders raised by Lifeline. Currently not using 24hr diary on Service Connect	Aug-23	No further progress has been made	Dec-23
2022/23	Responsive Repairs - Emergency Repairs Q1	10. Processes are put in place to ensure all emergency call out data is captured and can then be accurately reported to the Senior Leadership Team and Housing Management Advisory Board.	High	Agreed as per Recommendation	Repairs and Investments Manager and Principal Officer -Repairs and Maintenance	Mar-23	Mar-23 - Provided a report from lifeline and requested extension to write a process for reporting to SLT.	Jun-23	June 23 - Due to other commitments this recommendation has not been implemented and an extension requested to Nov 2023.	Nov-23		
2022/23	Planned Maintenance Qtr1 - Major Adaptations	Workflow processes are reviewed and updated. Key procedures are documented to support the workflow processes, as necessary, and should support relevant policies and the residents' handbook. The procedures and processes are made accessible to staff.	Medium	Agreed as per Recommendation	Principal Officer – Investment and Programme Delivery	Apr-23	Apr-23 - not implemented	Oct-23				
2022/23	Responsive Repairs - Routine Repairs Q2	1. Target dates detailed in the Tenants Repair Guide should accurately reflect the amended target dates set by the authority, which need be comply with legislative dates set for repairs.	High	A review of the Tenants Repair Guide is currently in progress. Additionally, the electronic system will be checked to ensure that all repair timescales are in line with legislation.	Repairs and Investment Manager	Mar-23	Mar-23 - Tenants guide has been updated and is to be approved by HMAB in March 23 Apr-23 - Tenants Guide approved by Board. Three-day tickets on system need amending.	Jul-23	Aug-23 Extension requested to carry out checks.	Nov-23		
2022/23	Responsive Repairs - Routine Repairs Q2	2. Management undertake a review of routine repair orders to establish the extent of the backlog, trends and the reasons behind delays in fulfilling our repairs obligations. Based on the findings a course of action should be establish, documented and executed.	High	The service has undertaken multiple failed recruitment processes for operative resources. Additional contracts have been brought on board to support delivery, including T&S Heating	Repairs and Investment Manager	Apr-23	Apr-23 - not implemented	Sep-23				

				Ltd to support general works, and Newey Electrical Installations Ltd to support electrical works. Monitoring and analysis of repairs not completed in target timescales will be undertaken on a monthly basis.								
2022/23	Responsive Repairs - Routine Repairs Q2	3. Procedures are put in place to ensure that the repairs team accelerate matters, particularly following inspections, follow up reports (from contractors and operatives) and where defect notices and complaints are received, these should all be fully investigated, action taken and appropriately documented.	High	A new process for capturing works needed as a follow on from inspections will be put in place. A disrepair works completion tracker has been designed and will be utilised going forward. Operatives now have to complete a works completion survey at the close of each job. This will support an accurate record of completed works.	Principal Officer – Repairs and Maintenance	Mar-23	Mar-23 - Not implemented. Extension requested due to implementation of a contract.	Aug-23	Aug-23 - A tracker has been put in place but the decision on how to log repairs and written procedures need to be agreed and implemented.	Nov-23		
2022/23	Responsive Repairs - Routine Repairs Q2	4. Order monitoring processes are put in place to ensure orders (including contractor orders) are appropriately progressed, completed or cancelled.	Medium	In addition to the above (rec 3) a process will be introduced to identify stagnant orders.	Principal Officer – Repairs and Maintenance	Jan-23	Jan-23 - Request from the Principal Officer for Repairs recommendation be deferred until Aug 2023.	Aug-23	Aug-23 - Liaising with the Housing System Teams to get a report developed to show out of target orders for contractors.	Nov-23		
2022/23	Responsive Repairs - Routine Repairs Q2	5. Management review the cost of installing key safes and ensure the full cost (materials and labour) is recouped through the lifeline payments package.	Medium	Agreed.	Principal Officer - Repairs and Maintenance	Jan-23	Jan-23 - Request from the Principal Officer for Repairs recommendation be deferred until Aug 2023.	Aug-23	In progress – further extension requested to fully implement	Nov-23		
2022/23	Responsive Repairs - Routine Repairs Q2	8. Management consider introducing a KPI to manage and monitor the aged repairs orders.	Medium	Agreed	Principal Officer - Repairs and Maintenance	Mar-23	Mar-23 - Not implemented. Extension requested due to implementation of a contract.	Aug-23	Aug-23 - The Government has introduced a new regime of KPIs that will have to reported annually, produced quarterly. Appropriate reports need to be established as per Rec 4 before this can be implemented.	Nov-23		
2022/23	Planned Maintenance Qtr2 - Heating	2. A review of the QL system is completed to ensure that all data is accurately recorded and updated appropriately.	Medium	Monthly uploads will be completed of installation dates by the housing systems team. Manual updates to the system have	Repairs and Investments Manager	Jun-23	June-23 - Due to other commitments this recommendation has not been implemented and an extension requested to November 2023.	Nov-23				

				commenced.								
2022/23	Payroll	A report should be produced, at least annually, and issued to Heads of Service/ Managers to confirm the accuracy of the establishment.	High	In the short term an accurate establishment report is being compiled by ICS with a view to it being the responsibility of HR, when fully staffed.	Information Technology Delivery Manager/ Information Development Manager HR	01/05/2023 HR to then do annually	May-23 HR Payroll Finance and IT are meeting on a fortnightly basis to check progress on this task. An initial report has been taken from the system and is being checked between Finance and IT.	Jul-23	Aug-23 – still awaiting a full establishment report to be produced, confirmed, and actioned where appropriate.	Oct 23		
2022/23	Benefits	2. System access is regularly reviewed to ensure that Officers have appropriate access permissions in accordance with their role.	Medium	Agreed	Customer Experience Manager.	Apr-23	May-23 - A review of users has been completed but due to the groupings being unknown, a review of permissions has not yet been completed.	Aug-23	Currently working with Capita to ensure the accuracy of access, however it is reliant on Capita to provide the information.	Dec-23		
2022/23	Council Tax	2. As part of the annual access review, the contract officer reviews access levels and confirms with managers that that access is appropriate to the job role. The contract officer should have an understanding of the access level groups to enable them to complete this task.	Medium	Agreed	Customer Experience Manager.	Apr-23	May-23 - A review of users has been completed but due to the groupings being unknown, a review of permissions has not yet been completed.	Aug-23	Currently working with Capita to ensure the accuracy of access, however it is reliant on Capita to provide the information.	Dec-23		
2022/23	Treasury Management	4. Officers are reminded of the requirement to update the Insurance Officer of any changes within their service which could have an impact on the insurance cover.	Medium	Agreed - The Insurance Officer will send out quarterly reminders to officers regarding updating of any changes. The Insurance Officer will also send out an annual review to relevant officers to confirm that insurance is correct and appropriate. It is also intended that the Insurance Officer will attend meetings with services to discuss and agree insurance arrangements, and that an introduction to insurance will be included in the new starter induction programme.	Insurance Officer	Jun-23	Jun-23 - Confirmation from Council's insurers confirming that they do not need to be made aware of changes in roles midterm as long as the overall levels of cover required do not change and all of your security and vetting procedures remain the same.		Customer Experience Manager to review with the Insurance officer and ensure implementation is carried out.	Dec-23		

INTERNAL AUDIT PERFORMANCE INDICATORS

PERFORMANCE MEASURE	POSITION AS AT 7 SEPTEMBER 2023	COMMENTS
Delivery of 2023/24 Audit Plan	9%	
Percentage of Client Satisfaction with the Internal Audit Service	100%	2 responses received for 2023/24
Compliance with the Internal Audit Standards	Conforms	Inspection took place w/c 30 th November 2020. Internal Audit Service conforms to the Public Sector Internal Audit Standards.
Compliance testing of completed recommendations	100%	



INTERNAL AUDIT CHARTER

Charnwood Borough Council

Version Control

Author	Date	Action
Lisa Marron Audit Manager	May 2020	Aligned Charter for all authorities.
Lisa Marron Audit Manager	September 2021	Reference to Seven Principles of Public Life added. Section 13 changed from Consulting and Advisory work to Nature of Services, assurance definition added (13.1) and the purpose of our work explained (13.2). 9.4 added to confirm approach to work for organisations outside of the shared service.
Kerry Beavis Audit Manager	September 2022	Minor amendment of job title.
Kerry Beavis Audit Manager	September 2023	Minor amendment of job title.

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1 Introduction

- 1.1 The Accounts and Audit Regulations 2015 place a statutory duty on the Council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account public sector internal auditing standards or guidance.
- 1.2 The Public Sector Internal Audit Standards (PSIAS), Attribute Standard 1000, require that the purpose, authority and responsibility of the internal audit activity are formally defined in an internal audit charter (hereafter referred to as the Charter), consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). The chief audit executive is required to periodically review the Charter and present it to senior management and the 'board' for approval. Final approval of the Charter resides with the 'board'.
- 1.3 The Charter establishes the Internal Audit activity's position within the Council, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

2 Definitions

- 2.1 In line with the PSIAS:

Internal auditing is “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

- 2.2 For the purpose of this charter the following definitions shall apply:

The Board – the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At this Council this shall mean the Audit Committee.

Senior Management – those responsible for leadership and direction of the Council.

At this Council this shall mean the Senior Leadership Team (SLT).

Chief Audit Executive –the person in a senior position responsible for effectively managing the internal audit activity in accordance with the

internal audit charter and the PSIAS. The Chief Audit Executive or others reporting to the Chief Audit Executive will have appropriate professional certifications and qualifications.
At this Council the Chief Audit Executive is the (Shared Service) Audit Manager.

3 Mission and Purpose of Internal Audit

3.1 In line with the PSIAS the mission of Internal Audit is:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

3.2 The purpose of Internal Audit is to review, appraise and report on the adequacy of risk management, control and governance processes across the Council.

4 Professionalism

4.1 The Internal Audit activity will govern itself by adherence to the PSIAS. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

4.2 The service, and individual staff, will be governed by the Code of Ethics of the relevant professional bodies of which they are a member in addition to the Core Principles for the Professional Practice of Internal Auditing and the Code of Ethics from the International Professional Practices Framework. The Core Principles are:

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives and risks of the organisation.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organisational improvement.

4.3 Internal Auditors who work in the public sector must also have regard to the Committee on Standards in Public Life's Seven Principles of Public Life, information on which can be found at www.public-standards.gov.uk.

5 Scope of Internal Audit

5.1 There are no restrictions placed upon the scope of Internal Audit's work. Internal Audit work will usually include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risk associated with areas under review and making proposals for improving the management of risks;
- appraising the effectiveness and reliability of the risk management framework and recommending improvements where necessary;
- assisting management and members to identify risks and controls with regard to the objectives of the Council and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the Council is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations and programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned; and
- reviewing the operations of the Council in support of the Council's Anti-Fraud and Corruption policy.

6 Authority of Internal Audit

6.1 Internal Audit derives its authority from the Accounts and Audit Regulations 2015, this Charter and the Council's Constitution. Internal Audit staff have the authority to:

- enter any Council owned or occupied premises or land at all reasonable times (subject to any legal restrictions outside the Council's control);
- have access at all times to the Council's records, documents and correspondence;
- require and receive such explanations from any employee or member of the Council as he or she deems necessary concerning any matter under examination; and
- require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.

- 6.2 The Chief Audit Executive shall have access to, and the freedom to report in his/her name to all boards, members or officers, as he/she deems necessary.
- 6.3 All employees and members are requested to assist the Internal Audit activity in fulfilling its roles and responsibilities.

7 Responsibility of Internal Audit

- 7.1 The Chief Audit Executive will be responsible for maintaining an adequate and effective internal audit function. The Internal Audit function will operate in accordance with the Public Sector Internal Audit Standards.
- 7.2 Internal Audit will have the responsibility to review, appraise and report as necessary on:
- the adequacy and effectiveness and application of internal controls, governance and risk management processes and systems;
 - the extent of compliance with financial regulations and standing orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation; and
 - the extent to which the Council's assets and interest are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

8 Reporting Lines

- 8.1 Day to day management of the Internal Audit team will be performed by the Chief Audit Executive. The Chief Audit Executive reports to the Board for organisational purposes but will report significant audit findings and audit progress directly to the Section 151 Officer. The Chief Audit Executive will keep the Section 151 Officer and the Board informed of progress and developments on a regular basis.
- 8.2 The Internal Audit team is employed by North West Leicestershire District Council and sits within the Legal and Support Services Team reporting to the Head of Legal and Support Services. The performance of Internal Audit is also monitored by the Head of Governance and Human Resources who is the contract manager.
- 8.3 The Chief Audit Executive has free and unfettered access to the Chief Executive, Section 151 Officer, Monitoring Officer and Chair of the Audit Committee. The Chief Audit Executive will communicate and interact directly with the Board, including in and between Board meetings as appropriate.

9 Independence and Objectivity

- 9.1 Internal Auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice. Internal Auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that Internal Auditors do not subordinate their judgement on audit matters to others.
- 9.2 To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the Internal Audit activity:
- retains no executive or operational responsibilities;
 - operates in a framework that allows unrestricted access to senior management and the Board;
 - reports in their own name;
 - rotates responsibilities for audit assignments (where possible) within the Internal Audit team;
 - completes individual declarations confirming compliance with rules on independence and conflicts of interest; and
 - has a planning process which recognises and addresses potential conflicts of interest through Internal Audit staff not undertaking an audit for at least two years in areas where they have had previous operational roles.
- 9.3 If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to senior management and the Board. The nature of the disclosure will depend upon the impairment.
- 9.4 There may be times when Internal Audit are asked to provide audit services for other organisations outside of the shared service. The nature of this work will be formally set out and agreed in advance and, in line with the shared service inter-authority agreement, all partners will be consulted to ensure there are no conflicts of interest or objections to the work.

10 Accountability

- 10.1 The Chief Audit Executive shall be accountable to the Board and the S151 Officer for:
- providing, at least annually, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
 - reporting significant issues related to the processes for controlling the activities of the Council and its affiliates,

including recommendations and status of implementation of improvements;

- periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit's function's resources; and
- co-ordination with other significant assurance functions.

11 Internal Audit Resources

- 11.1 The Chief Audit Executive will be professionally qualified (CIMA, CCAB or equivalent) and have wide Internal Audit and management experience, reflecting the responsibilities that arise from the need to liaise with Members, senior management, and other professionals, both internally and externally.
- 11.2 The Director of Finance, Governance and Contracts (S151 Officer) will provide the Chief Audit Executive with the appropriate resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the Internal Audit opinion.
- 11.3 The Chief Audit Executive will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications, and experience required to deliver the audit plan.
- 11.4 The annual plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Audit Executive can propose an increase in audit resource or reduction in the coverage if insufficient resources are available.

12 Management Responsibilities

- 12.1 An Internal Audit service can only be effective if it receives the full co-operation of management. By approving this Internal Audit Charter the Board and Senior Management are mandating management to co-operate with Internal Audit in the delivery of the service by:
- agreeing audit engagement plans no later than the agreed deadline, to include agreements on duration, scope, reporting and response;
 - sponsoring each audit at senior management level;
 - providing Internal Audit with full support and co-operation, including complete access to all records, data, property and personnel relevant to the performance of their responsibilities at all levels of operations, without unreasonable delay;
 - responding to the draft internal report, including provision of management responses to recommendations, within the timescale requested by the audit team;
 - implementing agreed management actions in accordance with the agreed timescales; and

- updating Internal Audit with progress made on management actions, informing Internal Audit of proposed changes and developments in processes and systems, newly identified significant risks and cases of a criminal nature.

12.2 Whilst the annual Internal Audit report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. The level of assurance required from Internal Audit will be agreed with the Board at the beginning of the year and presented in the annual Internal Audit plan (and subsequent agreed amendments). As such, the annual Internal Audit opinion does not replace responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

13 Nature of Services

13.1 The Public Sector Internal Audit Standards define assurance as

“An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.”

13.2 In general the main purpose our work will be to provide assurance services to report to the shared service Councils and their Audit Committees. There may be times when our assurance is required by others for example it may be relied upon by partners of the shared service Councils or by Central Government for grant certification work. In all cases this will be clearly set out through engagement plans or grant declarations as appropriate.

13.3 The Public Sector Internal Audit Standards allow that Internal Audit may sometimes be more usefully focussed towards providing advice rather than assurance of core controls. Where appropriate, Internal Audit will act in a consultancy/advisory capacity by providing guidance and advice for strengthening the control environment, providing:

- the objectives of the consulting/advisory engagement address governance, risk management and control processes to the extent agreed upon with the Council;
- the scope of the consulting/advisory engagement has been clearly defined;
- Internal Audit is considered to have the rights skills, experience and available resource;
- management understand that the work being undertaken is not Internal Audit work; and

- Internal Audit's involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.

13.4 When performing consultancy/advisory services, the auditor must maintain objectivity and not take on a management responsibility. The Chief Audit Executive is responsible for ensuring that all requests are reviewed in accordance with the above criteria and for making the final decision. The role which Internal Audit will assume on any particular advisory assignment will be agreed with the sponsor, will be documented within the assignment plan, and reported to the Board.

14 Role of Internal Audit in Fraud-Related Work

14.1 The primary responsibility for maintaining sound systems of internal control including arrangements to prevent and detect fraud and corruption lies with senior management. An annual programme of internal audits is designed to assist this process by highlighting areas where controls are inadequate or are not operating.

14.2 All fraud investigations will be conducted in accordance with the Council's Constitution, Anti-Fraud and Corruption Policy and the Confidential Reporting (Whistleblowing) Policy.

14.3 All cases of suspected fraud and/or irregularity should also be reported to the Chief Audit Executive, with the exception of benefit fraud which should be reported to the Department of Work and Pensions. This is to ensure that appropriate action is taken and to enable the Chief Audit Executive to fully answer External Audit queries relating to the International Standard on Auditing (ISA) 240 "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements".

15 Relationships

15.1 The Chief Audit Executive and Internal Audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

- **Relationships with Management**
The Chief Audit Executive and Internal Audit staff will maintain effective relationships with managers of the Council. Regular meetings will be held with key stakeholders and management will be consulted with during the audit planning process. Timing of audit engagements will be in conjunction with management.
- **Relationships with External Audit**

Internal Audit have an established working relationship with the current external auditors which includes periodic meetings and plans and reports are shared.

- **Relationships with Regulators and Inspectors**
The Chief Audit Executive and Internal Audit staff will take account of the results and reports from any inspections when planning and undertaking Internal Audit work. Where appropriate the Chief Audit Executive will establish a dialogue with representatives of the appropriate inspection agencies.
- **Relationships with Elected Members**
The Chief Audit Executive will establish a working relationship with members, in particular members of the Audit Committee. The Chief Audit Executive has the opportunity to meet with the Chair of the Audit Committee if required.

16 Quality Assurance

16.1 The Public Sector Internal Audit Standards require that the audit function is subject to a quality assurance and improvement programme that must include both internal and external assessments. The results are included in the Internal Audit Annual Report.

16.2 Internal Assessments

All Internal Audit engagements are subjected to a thorough internal peer review of quality, to ensure that its work meets the standards expected from the Internal Audit staff. For example, the internal file quality reviews cover the following:

- the work is planned and undertaken in accordance with risks associated with areas under review;
- sampling is undertaken in accordance with the agreed methodology; and
- the conclusions are fully supported by detailed work.

16.3 Internal Audit performance is also monitored in the following ways:

- quarterly progress reports to the Board and senior management team;
- customer satisfaction surveys following each audit;
- monthly meetings with the S151 Officer; and
- monthly meetings with the Head of Governance and Human Resources.

16.4 External Assessments

An external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Chief Audit Executive will discuss options for the assessment with senior management including the S151 Officer and the Board.

17 Records Retention

- 17.1 Audit engagement records will be retained for six years. This is in line with Local Government Association guidance.

18 Review

- 18.1 The Internal Audit Charter will be reviewed annually by the Chief Audit Executive and presented to Senior Management and the Board for approval if any significant changes are identified.