

AUDIT COMMITTEE – 8th JUNE 2021

Report of the Head of Strategic Support

Part A

ITEM 8 INTERNAL AUDIT PROGRESS REPORT 2020/21 TO 31st MAY 2021

Purpose of Report

The report summarises the progress against the 2020/21 Audit Plan, outlining key findings from final reports and any outstanding recommendations. Work on the 2021/22 Audit Plan has commenced however there are no outcomes from this work to report at this time.

Recommendation

The Committee notes the progress report set out in Appendix 1.

Reason

To ensure the Committee is kept informed of progress against the Internal Audit plan and work of Internal Audit.

Policy Justification and Previous Decisions

The Accounts and Audit Regulations 2015 state (Regulation 5 (1)) that the relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards and any appropriate guidance.

Implementation Timetable including Future Decisions

Reports will continue to be submitted to the Committee on a regular basis.

Report Implications

The following implications have been identified for this report.

Financial Implications

None

Risk Management

There are no specific risks associated with this report.

Background Papers: Public Sector Internal Audit Standards

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Part B

The details regarding this report are set out in the Appendix.

Appendices

Appendix 1 – INTERNAL AUDIT PROGRESS REPORT 2020/21 TO 31ST MAY
2021



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

**Internal Audit Progress Report 2020/21 to
31st May 2021**

1.0 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 from 01.02.21 to 31.05.21.

2.0 Internal Audit Plan Update

2.1 Since the last update report to Audit Committee on 9th February 2021, eleven final audit reports have been issued and three audits are at the report drafting/draft stage. Appendix A shows the current position of the 2020/21 Audit Plan and the executive summaries for the eleven final reports issued are detailed in Appendix B:

- IT Application Controls and Backups – Reasonable Assurance
- Treasury Management – Substantial Assurance
- (NNDR) Business Rates – Reasonable Assurance
- Main Accounting System – Substantial Assurance
- IT Third Party Cloud Supplier Management – Substantial Assurance
- Council Tax – Substantial Assurance
- Benefits – Substantial Assurance
- Gas Servicing Contract Monitoring – Reasonable Assurance
- Creditors - Reasonable Assurance
- Income Collection – Reasonable Assurance

2.2 The Asbestos Management Audit was issued with a Limited Assurance opinion. Two of the areas identified for improvement had already been identified by the new Compliance Manager; a lack of day to day documented procedures and re-inspections of communal properties not being inspected on an annual basis as prescribed in the asbestos management plan, therefore no recommendations were made relating to these areas. Four high and eight medium priority recommendations were made covering:

- Inconsistencies between the Operational Procedure – Asbestos Management Plan and the actual processes followed.
- Inconsistencies with performance information provided by the contractor.
- Contract management and adherence to contract procedure rules.
- Full completion of the asbestos register with next survey dates, actions and works details.

3.0 Outstanding Recommendations

3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. There is one overdue recommendation which is detailed in Appendix C for information. As progress has been made with this recommendation the Audit Manager does not have any specific concerns at this time.

4.0 Internal Audit Performance Indicators

4.1 Progress against the agreed Internal Audit performance indicators is included in Appendix D. Work has now started on the 2021/22 audit plan.

APPENDIX A

2020/21 AUDIT PLAN AS AT 31st MAY 2021

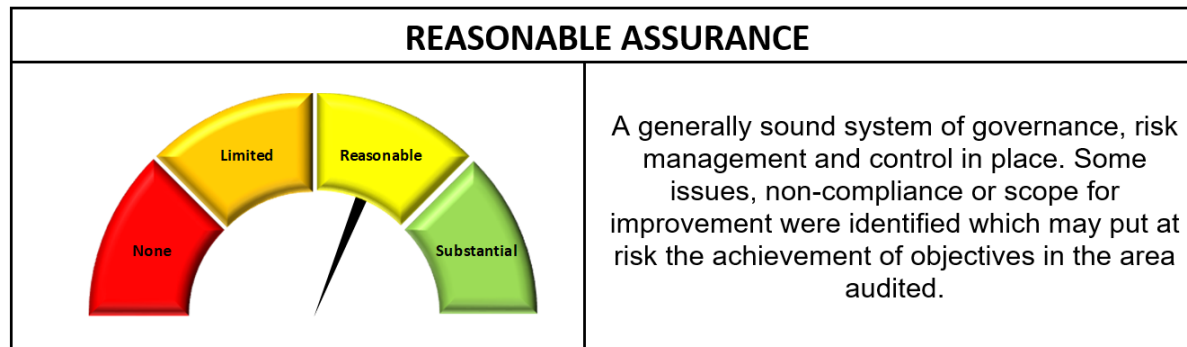
Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations					Comments
						C	H	M	L	A	
Disabled Facilities Grant	Certification	3	6	Completed	Not applicable						Planned days exceeded due to completing audit remotely and new queries raised. Actions agreed to help make the process smoother next year.
Choice Based Lettings	Audit	8		Deferred to 2021/22							Moved to 21/22 audit plan due to service capacity to support the audit.
Fire Safety and Management	Audit	8	3.5	Report drafting	3.5						
Gas Servicing Contract Monitoring	Audit	8	5	Final Report Issued	Reasonable	-	1	3	1	-	
Asbestos Management	Audit	8	6	Final Report Issued	Limited	-	4	8	-	-	
Development Control	Audit	10	12	Final Report Issued	Substantial	-	-	-	1	1	
Tree Preservation Orders	Audit	6	11.5	Final Report Issued	Reasonable	-	-	1	-	-	Planned days exceeded as new area for auditor.
Benefits	Audit	8	6	Final Report Issued	Substantial	-	-	-	-	-	Put back as 19/20 grant certification work by external auditors has been delayed.

Council Tax	Audit	8	9	Final report issued	Substantial	-	-	-	-	1	
NNDR (Business Rates)	Audit	8	9	Final report issued	Reasonable	-	2	7	1	-	
Income Collection	Audit	8	8	Final report issued	Reasonable	-	-	3	4	-	
Creditors	Audit	8	10	Final report issued	Reasonable	-	-	2	2	-	Audit has taken longer due to difficulties in obtaining information required for the audit.
Debtors	Audit	8	5	Report drafting							
Main Accounting System and Budgetary Control	Audit	8	3.5	Final report issued	Substantial	-	-	1	2	-	
Payroll	Audit	8	17	Final report issued	Substantial	-	-	1	1	-	Days exceeded due to level of testing which will be reviewed going forwards.
Rent Accounting	Audit	8	7	Draft report issued							
Treasury Management	Audit	8	7	Final report issued	Substantial	-	-	-	1	-	
Right to Buy	Audit	10	7	Final report issued	Reasonable	-	3	1	2	-	
Office 365 Security and Remote Connections	Audit	18	BDO Audit	Final report issued	Substantial	-	-	-	3	-	
IT Application Controls and Backups	Audit	9	BDO Audit	Final report issued	Reasonable	-	-	3	-	-	

IT Third Party and Cloud Supplier Management	Audit	10	BDO Audit	Final report issued	Substantial	-	-	-	-	1	
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SUMMARY OF FINAL AUDIT REPORTS ISSUED BETWEEN 01 FEBRUARY 2021 AND 31 MAY 2021

IT APPLICATION CONTROLS AND BACKUPS



Key Findings

Areas of positive assurance identified during the audit:

- A robust backup process is in operation currently, which will evolve in time as a result of the planned cloud migration project.
- The Council received positive feedback on a recent Backup Health check Report from an external third-party supplier.
- All critical business applications have designated System Administrators, who demonstrated a sound knowledge of the systems they administer and a full understanding of the importance of regulated access controls.

The main areas identified for improvement are:

- Various documents relating to the Council's IT application controls and backup arrangements were found to be out of date, including the Council's Information Security and ICT Infrastructure Policies.
- Access controls procedures for the applications included in the scope of this review have not been documented in line with the Council's Information Security Policy.

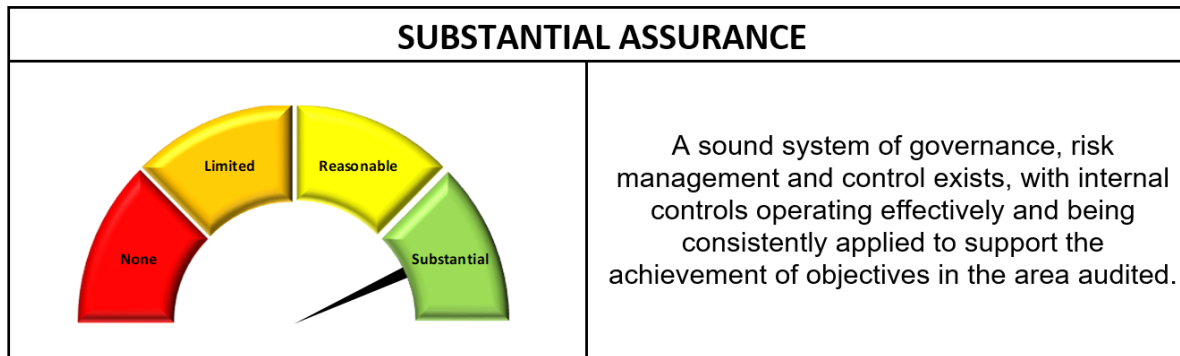
- The Council's backup and restore procedures for critical application data restoration have not been fully tested since 2015 and there is no defined schedule in place for testing the procedures on a routine basis. However, it is noted that the Council's backup landscape will change as a result of planned cloud migrations in 2021, and a full test should be conducted once the project is completed and the environment is embedded.

Three medium priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>R1 Following completion and acceptance of an updated ICT Strategy, Management should review and, where necessary update, the following policies and procedures to ensure that they are up to date and fit for purpose:</p> <ul style="list-style-type: none"> • Team Recovery Plan ICS • Restoring Critical Systems – Work Instruction • ICT Infrastructure Policy • Information Security Policy • Backup and Retention Policy. <p>Additionally, Management should include a version control table within the Council's "Team Recovery Plan ICS" document to ensure that all future reviews are evidenced, and all updates are recorded moving forwards.</p>	Medium	<p>The cloud migration project is in progress for the next 12 months.</p> <p>Policies will therefore be updated on completion of the project.</p> <p>The existing policies reflect the existing onsite IT environment.</p>	ICT Service Delivery Manager	February 2022
<p>R2 In line with the Council's Information Security Policy, Management should document the access control procedures for each application and information system, which should be implemented and kept to up to date.</p>	Medium	<p>Risk Assessment documentation will be updated to include access control procedures.</p> <p>This is also linked to R1 above</p>	Information Development Manager	December 2021

<p>R3 Once the selected applications have been successfully migrated to the cloud and it is clear what systems have remained on premise, Management should put in place a testing schedule (at least annually) to ensure that disaster recovery guidance is effective during a “live” event, and amended with lessons learned where necessary.</p>	<p>Medium</p>	<p>Linked to R1 above – changes to the backup and DR testing can be documented on completed of the cloud migration project, which includes the replication of the IT cloud infrastructure</p>	<p>ICT Service Delivery Manager</p>	<p>April 2022</p>
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TREASURY MANAGEMENT



Key Findings

Areas of positive assurance identified during the audit:

- There are adequate and up to date treasury management strategies in place.
- The Capital Strategy and Treasury Management Strategy Statement have been approved as per the Constitution and complies with the CIPFA Code of Practice.
- There is adequate segregation of duties within the loans and investments process.
- Adequate fidelity insurance cover is in place.
- Detailed registers of loans and investments are maintained.
- All loans and investments have been authorised and processed in accordance with policy.
- Transactions are restricted to those institutions that have been approved by the authority.
- Access to the online banking system is restricted.

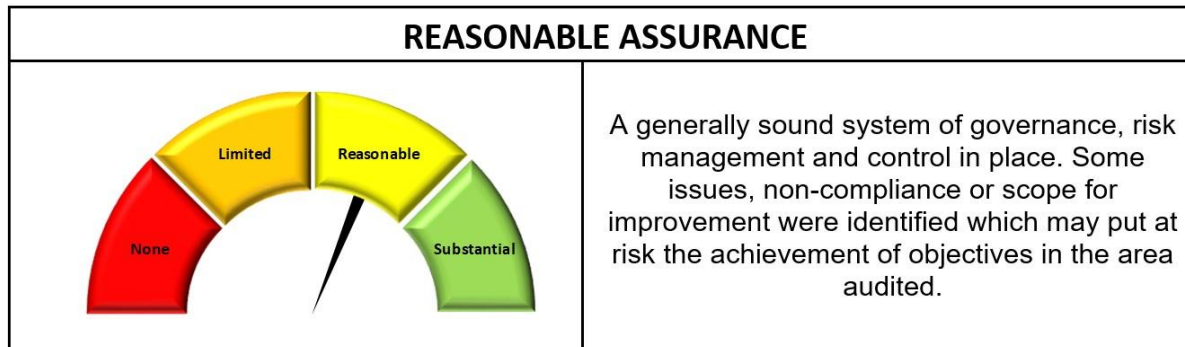
The main areas identified for improvement are:

- The Treasury Management Practices document has not been revised for over two years.

One low priority recommendation was made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
The Treasury Management practices, and procedure guides should be reviewed to ensure all information within them reflect current practices and are up to date with current strategies. The Practices document should be subject to scrutiny by the relevant committee in line with Section 7 of CIPFA Treasury Management Code of Practice.	Low	Agreed as per the recommendation.	Head of Financial Services and Senior Income Officer	September 2021

NDR (BUSINESS RATES)



Key Findings

Areas of positive assurance identified during the audit:

- Processes are in place for ensuring that new properties are identified and brought into listings.
- The rating list is maintained accurately, and amendments are made in a timely manner.
- Bills are raised in a timely manner.
- Reconciliations are carried out in a timely and accurate manner.
- Regular review of the suspense account is carried out.

The main areas identified for improvement are:

- Contract monitoring is carried out.
- Exception reporting and management review is introduced to the level that would be expected if the service was in-house.

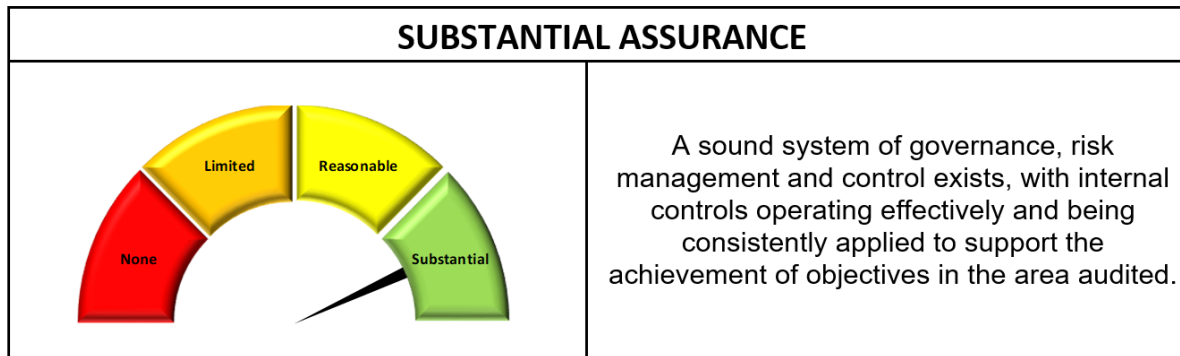
Two high, seven medium and one low priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The discretionary business rates policy is reviewed and updated on a regular basis.	Medium	Agreed – this will be discussed with the Director of Environment & Corporate Services as to the responsibility for the updating of the policy.	Head of Customer Experience	September 2021
2. Consideration is given to awarding reliefs and exemptions for a set period only. This should be detailed within the policy.	Medium	As there is no legal basis to time-limit the award we will not set a time limit for an award however within the review of the DBR Policy the introduction of reviews of reliefs to ensure validity will be considered.	Head of Customer Experience	June 2021
3. As it is the Authority's responsibility to ensure the data held is correct, a process is introduced to proactively carry out reviews to ensure that all ratepayers are correctly identified, and relevant reliefs are in place.	Medium	Agreed – this will be discussed with Capita as to the review of existing processes and opportunity to	Head of Customer Experience	May 2021
4. Officers ensure that all evidence is appropriately documented and stored, including approvals and inspection records.	Medium	Officers will ensure that all evidence/ inspections are appropriately	Head of Customer Experience	June 2021

		documented. Detailed notes of inspections/evidence will be added to the Academy system, to ensure full and accurate records.		
5. All arrears action is detailed within the account and taken in a timely manner.	Medium	Agreed	Head of Customer Experience	June 2021
6. A review of user access is carried out to ensure correct access is assigned based on the officer's job role.	Medium	Agreed. Will be reviewed on at least an annual basis.	Head of Customer Experience	April 2021 Audit follow up in progress at time of writing this report.
7. The officer tasked with managing the contract on behalf of CBC should ensure that controls are in place as would be expected if the service was run internally.	High	Further discussions are required as this may not be needed if other compensatory measures are introduced as detailed above.	Head of Customer Experience	July 2021
8. A full review of the contract is carried out by the authorised officer and where shortfalls are identified these are relevantly rectified, including the resurrection of the Partnership Board meetings.	High	The appropriateness of resurrecting the Partnership Board will be discussed with the Director of Environment & Corporate Services.	Head of Customer Experience	March 2021 Audit follow up comments - It has been agreed that Strategic Partnership Board meetings will be resumed on a quarterly basis

				First Board meeting scheduled for June.
9. All Board meetings are relevantly minuted.	Medium	Do not agree that the current meetings held should be minuted. All action points from each meeting are recorded and agreed. However, as detailed above, the need for this Board will be discussed, with consideration being given to having only monthly contract meetings.	Head of Customer Experience	March 2021 Follow up – Current meetings will continue to record action points only. Partnership Board meetings will be minuted.
10. KPI information is provided with supporting information to assist in the review of performance.	Low	This will be further considered to the appropriateness requesting supporting information.	Head of Customer Experience	April 2021 Audit follow up in progress at time of writing this report.

MAIN ACCOUNTING SYSTEM (MAS)



Key Findings

Areas of positive assurance identified during the audit:

- Controls are in place to ensure that opening balance brought forward on accounts are accurate and complete;
- Journals are relevantly authorised and supporting documentation is retained;
- Virements are appropriately evidenced, authorised and are in accordance with the Constitution and Financial Regulations;
- Committed expenditure is reviewed on a regular basis;
- Reconciliations have continued as expected.

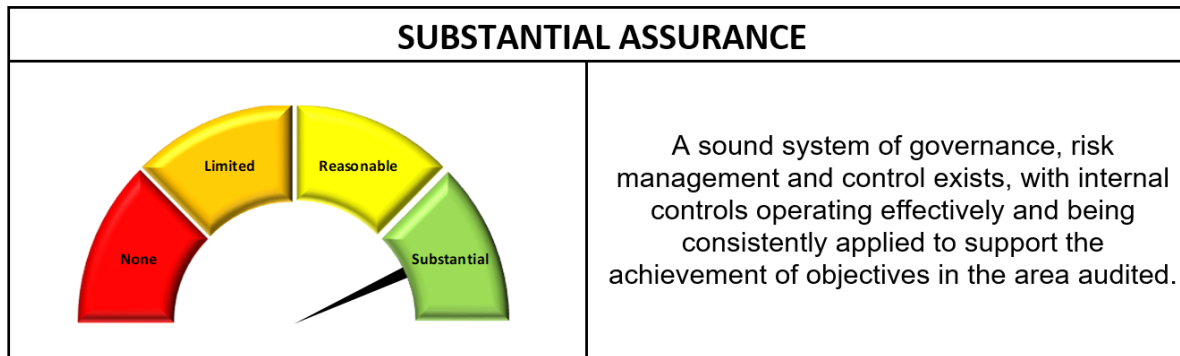
The main areas identified for improvement are:

- Review of financial procedures on a regular basis
- Reporting of budgetary position – Budget monitoring is carried out at regular intervals and reported to SLT, however, due to the unusual circumstances during the year, there have been no meetings held for the Corporate Services Scrutiny Committee – no recommendation has been made for this as the reporting to the relevant Scrutiny Committee has been agreed to be resurrected and a meeting has been scheduled for the 2021/22 financial year.
- Updating of the published Constitution following the annual review and approval of amendments.

One medium and two low priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Financial Procedure Rules are reviewed and updated on a regular basis to ensure they fully reflect the priorities and objectives of the authority. These should then be readily available for all staff.	Low	Agreed	Head of Financial Services	September 2021
The Constitution is updated to reflect the changes approved at Council on 7 th September 2020.	Medium	Agreed and implemented – this was an oversight due to changes in staffing.	Democratic Services Manager	Implemented
A report of user access is developed and issued to Heads of Service to ensure that staff within their service have the correct access levels to the Agresso system.	Low	Agreed.	Chief Accountant	October 2021

IT THIRD PARTY AND CLOUD SUPPLIER MANAGEMENT



Key Findings

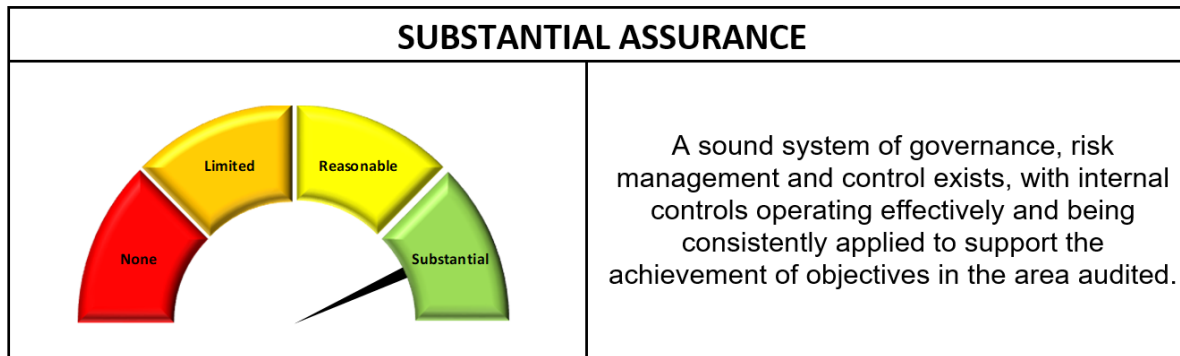
Areas of positive assurance identified during the audit:

- The Council has a published framework of planned milestones, which is segregated into defined phases and good progress has been made to date. Progress has been temporarily paused by the ICT Service to properly assess the achievements to date and identify if any amendments to the planned schedule of phases are required.
- There is clearly defined documentation that outlines the initial cloud migration proposal and the planned approach, with strong support from external services provider throughout the duration of the project.
- The ICT Service Delivery Manager is taking advantage of learning opportunities that are available through the Azure Migration Program and there is a requirement to bolster the technical skills within the local ICT team.

No areas for improvement have been identified, however an advisory recommendation has been raised with regards to specialist security training for members of staff.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>R1 The ICT Service Delivery Manager should evaluate all relevant learning opportunities and utilise the Azure Migration Program to its fullest extent to maximise the expansion of skillsets within the ICT team, following the closure of the migration program and the termination of the support contract with Phoenix.</p> <p>Ensuring that appropriate education is conducted should be included as an intrinsic activity within the overall migration project to avoid a future scenario where the organisation experiences a significant skills shortage.</p>	Advisory	<p>Agreed Action – Training as part of the Enterprise Skills Initiative (ESI) is underway with completion of the initiative scheduled in June.</p> <p>A skills assessment will be undertaken in June to identify the required skillset and training.</p>	ICT Service Delivery Manager	July 2021

COUNCIL TAX



Key Findings

Areas of positive assurance identified during the audit:

- There are adequate procedures in place to identify new properties and notify the Valuation Office in a timely manner.
- The rating list is maintained accurately and is up to date.
- Bills are raised accurately and timely.
- There are procedures in place to ensure discounts/ exemptions are awarded in accordance with legislation and policy.
- There are adequate procedures in place for the administration and approval of write-offs and refunds.
- The Council Tax system is regularly reconciled to its feeder systems and the general ledger.
- Suspense accounts are reviewed and cleared on a regular, timely basis.
- Monitoring is completed through exception reporting.
- Users access to the Council Tax system is limited and levels of access are appropriate for the user.
- The Council Tax system is regularly reconciled to its feeder systems and the general ledger.

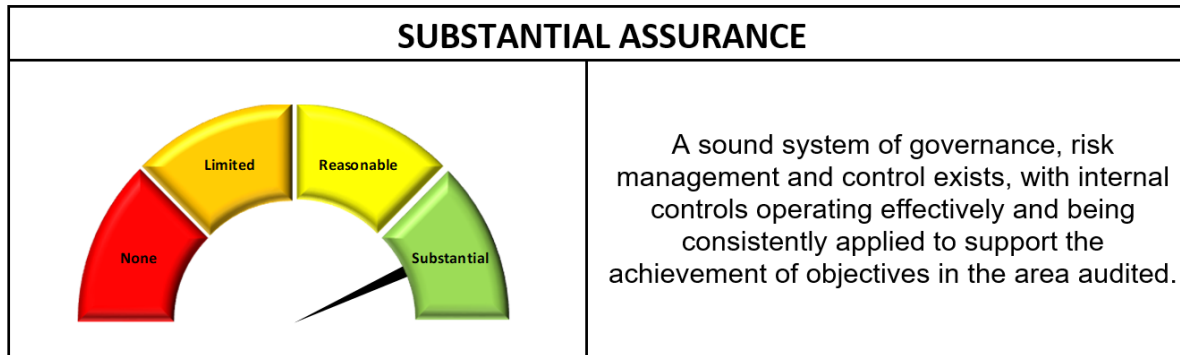
The main area identified for improvement is:

- Consistency in the procedures for signing off reconciliations.

One low priority recommendation was made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
The procedures for the electronic sign off of reconciliations is reviewed so that sign off is completed in a consistent manner so that it is clear who completed the reconciliation; who reviewed it and the date of completion for both.	Low	Agreed this will be looked at to see how the current process can be made more consistent and transparent.	Head of Customer Experience	August 2021

BENEFITS



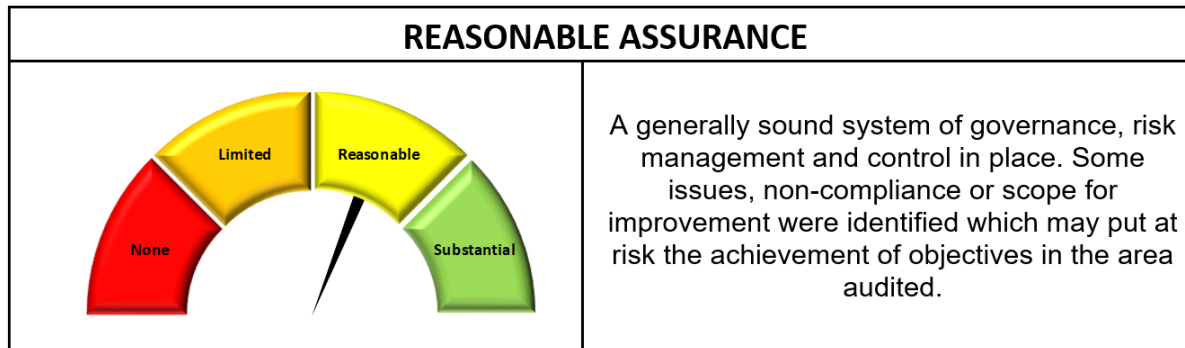
Key Findings

Areas of positive assurance identified during the audit:

- There are adequate procedures in place to ensure claims are assessed and calculated correctly in accordance with current regulations.
- Management assessment checks are carried out and relevantly evidenced.
- Procedures are in place to ensure payments of benefit are accurately paid or posted.
- Exception reports are produced and reviewed regularly.
- There is adequate segregation of duties within the Benefits process.
- There are adequate procedures in place to record, monitor and authorised write-offs.

No recommendations were made for management consideration.

GAS SERVICING CONTRACT MONITORING



Key Findings

Areas of positive assurance identified during the audit:

- Regular interaction is had with the contractor, allowing for any issues to be raised.
- Checks are carried out to ensure that every charge made against a property has the relevant certification in place prior to payment.
- The authority has processes in place to manage and monitor the gas services and safety checks to ensure that it is meeting its legislative requirements.
- Where it is not possible to gain entry to a property a process is in place to ensure that as far as possible action can be taken to gain entry within the legislative time period.
- Documentation is filed consistently and securely.

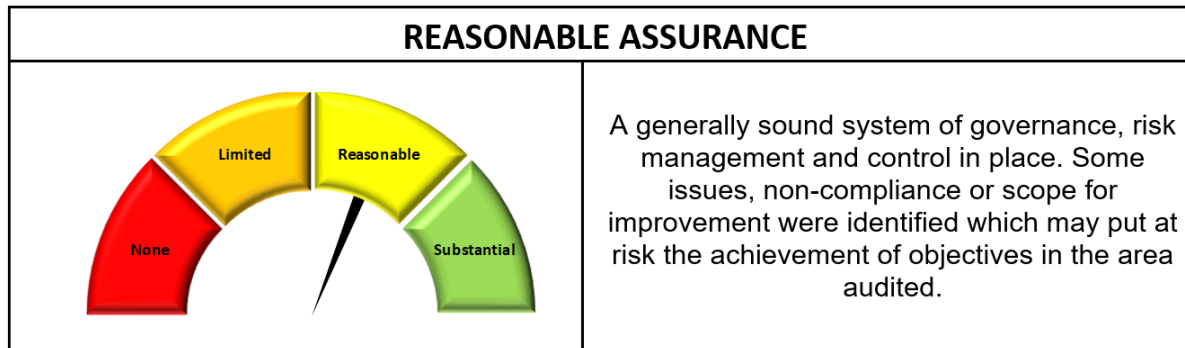
The main areas identified for improvement are:

- There is not a full set of current document procedures in place, however the need for full procedures had been identified prior to the audit and work was shown to be in progress to implement these, therefore no recommendation has been made.
- Performance figures are not accurately reported.
- The schedule of rates within the contract for the Gas 100 charges do not correspond to the amounts invoiced.
- The review of gas safety certificates and warning notifications to rectify any issues.

One high, three medium and one priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1.A reconciliation between the QL system and the details held by Sure of the properties requiring a CP12 is carried out on a quarterly basis to ensure that all properties are recorded.	Medium	Agreed. To undertake reconciliations.	Compliance Manager - AM	June 2021
2.Officers entering the figures into the performance report ensure that these are correctly entered and correspond to the figures provided.	Medium	Agreed. Procedure to be developed/issued and training to be given to staff.	Compliance Manager - AM	July 2021
3. A review of the schedule of rates charged for the gas is carried out and where the authority has been overcharged a credit note is requested to cover the amounts.	Medium	Agreed. Review schedule with contractor to obtain evidence of uplifts and / or credit of overpayment.	Compliance Manager - AM	Aug 2021
4.A reconciliation is carried at the year end to ensure that any balances due are made or received.	Low	Agreed. Procedure to be developed/issued and training to be given to staff to ensure effective reconciliation.	Compliance Manager – AM	Sept 2021
5. A process should be introduced to ensure that all issues identified on the CP12 or warning notifications are highlighted and relevantly actioned.	High	Agreed. Procedure to be developed/issued and training to be given to staff.	Compliance Manager – AM	May 2021

CREDITORS



Key Findings

Areas of positive assurance identified during the audit:

- There are comprehensive, policies and procedures that are accessible to staff.
- Official orders have been raised and appropriately authorised for all payments in accordance with Financial Procedures Rules.
- Payments are appropriately authorised in accordance with policy.
- Credit card usage is monitored for appropriateness and statements are supported.
- Open orders are periodically reviewed and closed if no longer required.
- Regular reconciliations are undertaken between the creditors system, the general ledger and the bank account.
- System user access was appropriate to the job role and/or the officer is still a current employee.

The main areas identified for improvement are:

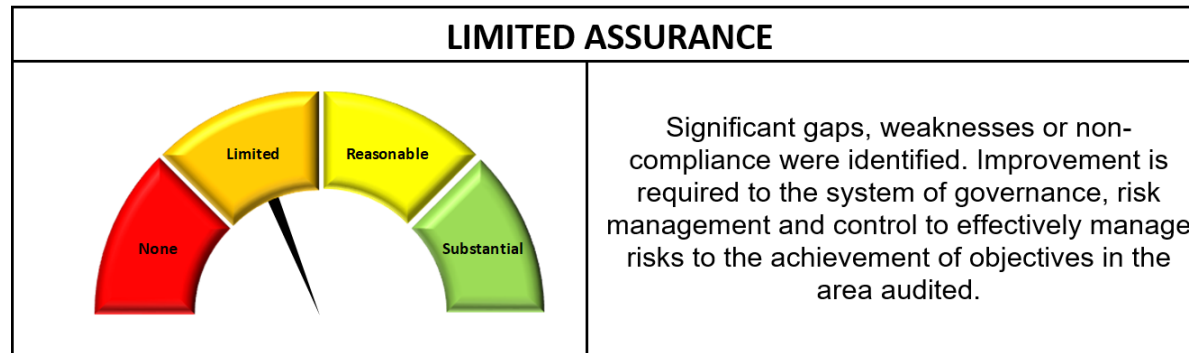
- The segregation of duties between those raising orders and those authorising purchases need to be strengthened.
- There were 258 orders raised after receipt of an invoice in the period 01.04.20 to 06.10.20.

Two medium and two low priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Creation and review dates are added to the procedure guides to ensure procedures are maintained up to date.	Low	Agreed as per recommendation.	Senior Payments Officer	August 2021
2. Procedures are put in place to ensure there is a segregation of duties between officers raising orders and those officers authorising them, in effect for payment.	Medium	<p>A communication with be distributed to Managers. Budget Holders reinforcing the Financial Procedure Rules for the raising the Orders (section 20).</p> <p>In terms of Unit 4 segregation it would be difficult block access to those that can both authorise and raise orders.</p> <p>Management will investigate the implementation of a monitoring report to identify repeat offenders which would mitigate the risk of fraud further.</p>	Strategic Director – Commercial Development, Asset and Leisure	June 2021
3. Procedures are put in place to reduce the number of retrospective orders being raised to ensure orders are raised in accordance with Financial Procedure Rules.	Medium	A communication with be distributed to Managers. Budget Holders reinforcing the Financial Procedure Rules for the raising the Orders (section 20).	Strategic Director – Commercial Development, Asset and Leisure	June 2021
4. Appropriate training is given to officers to ensure due dates on the system are	Low	Agreed as per recommendation.	Senior Payments Officer.	Implemented.

appropriately amended to the supplier's terms.				
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ASBESTOS MANAGEMENT



Key Findings

Areas of positive assurance identified during the audit:

- Payments are not made until relevant documentation is received to confirm work has been carried out.
- Training is a standard item for discussion in the quarterly Asbestos Safety Group meetings to ensure that staff are receiving asbestos training and highlight any issues.
- A quarterly asbestos safety group is in place to highlight and resolve issues.
- Asbestos information is issued to tenants at sign up and articles are published in the tenant magazine.
- The council took the decision to survey all domestic stock, this exceeds the statutory requirements.
- Asbestos surveys are stored on a portal and are available to all relevant staff and contractors.

The main areas identified for improvement are:

- There are no day-to-day documented administrative procedures in place however this has already been identified and is currently being addressed by the new Compliance Manager, therefore no recommendation has been made for this area.
- Re-inspections of communal properties have not been carried out on an annual basis as prescribed in the asbestos management plan, however the Compliance Manager is fully aware of this and is currently in the process of rectifying the issue therefore no relevant recommendation has been made in relation to this.
- There are inconsistencies between The Operational Procedure – Asbestos Management Plan and the actual processes followed.

- Performance information provided by the contractor needs to be consistent and accurate.
- The contract is not relevantly managed and documented in line with local procedures and policies.
- The company currently carrying out asbestos surveys is no longer within contract and therefore contract procedure rules have not been met.
- The asbestos register is not fully completed, with next survey dates not accurate and actions and works not detailed.

Four high and eight medium priority recommendations were made.

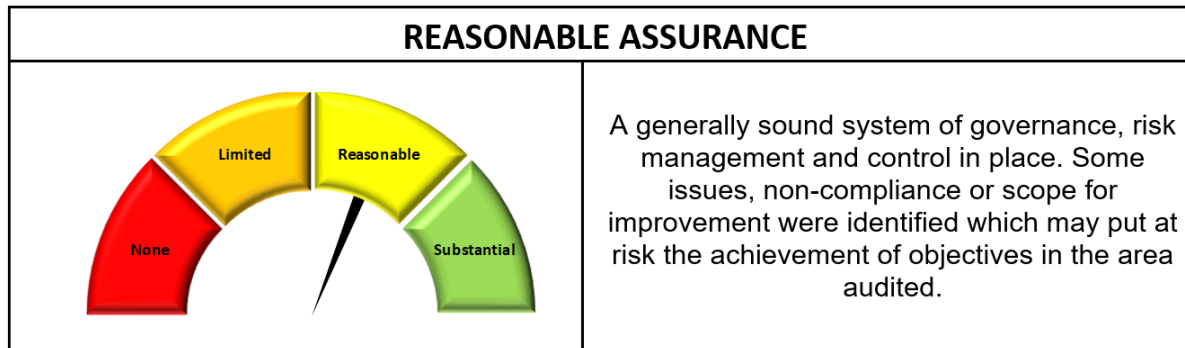
Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. A review of the actions and responsibilities detailed in the Operational Procedure document is carried out to ensure that these accurately reflect the current processes followed and that there is commonality across the organisation for the management of asbestos.	Medium	Actions and responsibilities to be reviewed.	Head of Landlord Services - PO	End of May 2021
2. Officers ensure that going forward, to protect the authority, contracts are tendered in a timely manner.	High	Agreed. This is currently in progress.	Repairs and Investment Manager - DB	June 2021
3. Regular minuted meetings are held with contractors to ensure that they are meeting their obligations and issues are rectified at the earliest possible time.	Medium	Agreed. This has been implemented.	Compliance Manager - AM	Implemented
4. Assurance should be obtained from the contractor, on an annual basis, to confirm that their staff have received relevant and up to date training.	Medium	Agreed. Training information requested from Contractor.	Compliance Manager - AM	End of May 2021

5. A full review of the information held by MCP is carried out to ensure that the data held is correct and up to date. Additionally, a reconciliation between the QL system and the MCP portal is carried out at least annually to ensure the data held is accurate.	Medium	Agreed. To work with Contractor to produce information and undertake reconciliation.	Compliance Manager - AM	June 2021
6. Officers ensure that KPI's are being reported and reviewed, with enough information being provided to confirm the accuracy of the KPI's.	Medium	Agreed. KPI monitoring mechanism to be established.	Repairs and Investment Manager - DB	July 2021
7. Processes are introduced to ensure that all surveys are reviewed, action implemented as recommended within the report and both actions are relevantly documented.	High	<p>Agreed. Written procedure to be produced. It is expected that the H&S Officer will review and action recommendations on surveys, and outcomes will be recorded.</p> <p>The area not on the portal referred to is a modern concrete sectional garage which does not need a report. It was installed in 2015.</p>	Compliance Manager - AM	July 2021
8. Officers ensure all documentation is received following asbestos removal works, and where decisions have been made these should be relevantly documented in a central location.	Medium	The works at the property where a relevant survey was not found was removal of materials assumed to contain asbestos and were carried out by an approved asbestos removal contractor. Removal of	Compliance Manager - AM	July 2021

		<p>assumed asbestos without a survey is permissible.</p> <p>Clarification to be obtained in respect of need for photographic evidence.</p> <p>To clarify details of client/contractor responsibilities on the undertaking of ASB visual reports and decision making around air tests, as existing documentation infers that the Council decides.</p>		
<p>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.</p>	High	<p>Agreed, current system to be reviewed, developed, or replaced as appropriate.</p>	<p>Compliance Manager - AM</p>	<p>Aug 2021</p>
<p>10. Officers review on an annual basis the schedule of rates for each contract to ensure that the authority is being charged accurately for works carried out.</p>	Medium	<p>Agreed, new surveying contract being implemented.</p> <p>EAS: Schedule to be available on Compliance</p>	<p>Repairs and Investment Manager - DB</p> <p>Repairs and Investment Manager - DB</p>	<p>June 2021</p> <p>June 2021</p>

		team site and cross referenced at each valuation.		
11. All asbestos information is filed in a central location, , whether this be on the QL system, on the portal or on a shared drive, and should include any details that officers make in regard to asbestos testing and removal, to ensure that staff have a full overview of all decisions taken and actions carried out. This will further ensure that if any legislative action is brought against the authority in the future the information will be available and fully detailed.	High	Agreed. Current system to be reviewed, developed, or replaced as appropriate.	Compliance Manager - AM	Sept 2021
12. To ensure that officers attend relevant training a full training record should be developed that details the level of training required, when officers have attended training and the frequency that training should be attended.	Medium	Agreed. Current system to be reviewed, developed, or replaced as appropriate	Health, Safety and Environmental Manager - PP	Aug 2021

INCOME COLLECTION



Key Findings

Areas of positive assurance identified during the audit:

- Separation of duties is in place between the cash receipting function and other accounting functions.
- Appropriate insurance is in place to adequately cover the authority for security and transfer of cash.
- All income received is accurately receipted, recorded and banked intact in a timely manner.
- Income receipted is properly recorded in the accounts of the Authority.
- Suspense accounts are regularly reviewed and actioned.

The main areas identified for improvement are:

- There being an overarching procedure to link all income collection processes together.
- Introduction of a money laundering policy and appointment of a money laundering officer.
- Controls in place for revoking access for leavers on the AXIS and Paye.net systems.
- Access to fraud awareness training.
- Corporate approach to refunds.

Three medium and four low priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1.1 A full set of procedures is introduced which link the processes within the cash office, these should be dated and version controlled. This will ensure full business continuity if required.	Low	<p>Procedures were tested during the pandemic and were found to be sufficient.</p> <p>Dependant on what comes out of the SWAP review procedures will be reviewed, in the meantime version control will be added to the current procedures.</p>	Customer Service Delivery Manager.	Version control – with immediate effect.
<p>1.2 A Money Laundering Policy is put in place and is approved at the relevant committee.</p> <p>1.3 A Money Laundering Officer is appointed; this should be an officer of an appropriate position within the authority.</p>	<p>Medium</p> <p>Medium</p>	The Section 151 Officer acknowledges and accepts responsibility but would like time to consider what the real requirements are for the Council and will take necessary action when this had been reviewed.	Strategic Director of Environmental and Corporate Services.	September 2021
2. Management consider the introduction of a corporate refund policy which addresses the risks around fraudulent claims.	Low	<p>The one-off payment request form has been updated by Financial Services to include the following declaration.</p> <p>‘To reduce the risk of fraud we can only refund monies into the Bank Account from which the payment was originally made’.</p>	Head of Financial Services.	September 2021

		Guidance of refunds will be added to the Financial Procedure Rules which is currently under review.		
3. Reconciliations are undertaken and reviewed in a timelier manner (i.e. before the 19th of the following month) in accordance with procedure.	Low	Agreed as per recommendation.	Head of Financial Services	June 2021
4. Management explore fraud training options, particularly around card fraud and Payment Card Industry awareness.	Medium	Agreed – will discuss with Organisational Development whether fraud awareness training should be offered corporately. PCI compliance solution coming in to ensure compliance.	Head of Customer Experience and Customer Service Delivery Manager.	June 2021
5. Controls are reviewed to ensure AXIS and Pay.net user access is appropriately monitored and where necessary access revoked.	Low	A six-monthly review will be completed on the user lists, which will include establishing users who have not recently accessed the system and investigate these cases further to confirm if access is still required.	Information Technology Delivery Manager.	November 2021

**RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31st MAY 2021
(CRITICAL, HIGH AND MEDIUM PRIORITY)**

Report	Recommendation	Priority	Officer Responsible	Target Date	Internal Audit Comments
2020/21 Audit Reports					
Right to Buy	5 Officers should ensure that where information detailed within the application does not fully match that held by the authority further investigation is carried out and documented to ensure that only bone fide applications can proceed. Additionally, checks against the housing benefits system should be introduced to ensure any fraudulent claims are identified.	High	Strategic Asset Manager & Right to Buy Officer	Feb-21	NFI app now procured and ready for use. Further follow up in June 2021 to allow for process to be fully implemented.

APPENDIX D**INTERNAL AUDIT PERFORMANCE INDICATORS**

PERFORMANCE MEASURE	POSITION AS AT 31st MAY 2021	COMMENTS
Delivery of 2020/21 Audit Plan	100%	Three audits are at the draft report /reporting drafting stage which is recognised as completed for performance monitoring purposes.
Percentage of Client Satisfaction with the Internal Audit Service	100%	Based on three returns for 20/21.
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%	