

Eastern Internal Audit Services



Great Yarmouth Borough Council

Internal Audit Update – Progress Report

Period Covered: 1 December 2023 – 31 March 2024

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards requires the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.
- 1.3 To comply with the above this report includes:
 - Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from audits; and
 - Performance indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 Some investigative work was agreed regarding the procurement processes of a contractor used within GY Norse which started in January 2024.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary, 160 days of programmed work have now been completed, equating to 60% of the revised Internal Audit Plan for 2023/24.

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.
- 4.4 During the period covered by the report Internal Audit has issued two reports: -

Audit	Assurance	P1	P2	P3
GY2411 Non-Housing Property and Asset Management	Limited	5	3	6
GY2403 Council Tax and NNDR	Substantial	0	0	0

The Executive Summaries of these reports are attached at **Appendix 2**, full copies of the reports can be requested by Members.

- 4.5 As can be seen in the table above, and as a result of these audits, 14 recommendations have been raised by Internal Audit. In addition, two Operational Effectiveness Matters have been raised for management’s consideration.


APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK 2023/34

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Development Management - Planning	GY2311	10	10	8	Fieldwork completed, draft report in progress.						
Corporate Governance	GY2401	12	10	7	APM issued on 3 July 2023. Fieldwork nearing completion with draft expected imminently as at March 2024.						
Non-Housing Property and Asset Management	GY2411	15	15	15	Final report issued 19 December 2023.	Limited	5	3	6	2	Mar-24
Sports and Leisure	GY2417	12	12	12	Final report issued on 27 September 2023.	Limited	2	4	2	2	Dec-23
TOTAL		49	47	42							
Quarter 2											
Workforce Planning/Organisational Development	GY2407	12	12	6	APM issued on 21 September 2023. Fieldwork started on 14 November 2023; still in progress as at March 2024.						
Development Management - Planning Enforcement	GY2408	15	15	4	APM issued 27 February. Fieldwork in progress.						
Housing Needs, Allocations, Homelessness, Housing Register	GY2415	15	15	15	Final report issued on 16 November 2023	Reasonable	0	4	2	2	Dec-23
Housing Asset Management	GY2412	12	12	10	APM issued on 9 August 2023. Draft report issued 6 February 2024, awaiting client reponse.						
Private Sector Housing - inc HMO's Selective Licencing	GY2409	12	12	8	APM issued 2 January 2024. Audit in progress as at March 2024.						
TOTAL		66	66	43							

Quarter 3											
Housing Benefit and Council Tax Support	GY2404	15	15	11	APM issued on 27 September 2023. Fieldwork nearing completion with draft expected imminently as at March 2024.						
Council Tax and NNDR	GY2403	15	15	15	Final report issued 26 March 2024.	Substantial	0	0	0	0	Mar-24
Accounts Receivable and Income	GY2405	16	16	10	APM issued on 9 November 2023. Fieldwork started on 22 November 2023; still in progress as at March 2024, slight delay due to client leave.						
GYN Stock and Stores Management	GY2413	10	10	2	Scoping in progress, including discussion around audit timing/continuation. Awaiting further information from client as at March 2024.						
TOTAL		56	56	38							
Quarter 4											
Key Controls and Assurance	GY2402	15	15	4	APM issued on 8 February 2024. Fieldwork in progress.						
Accountancy Services	GY2406	16	16	4	APM issued 27 February 2024. Fieldwork in progress.						
Parking Services	GY2410	15	15	4	APM issued 16 January 2024. Fieldwork in progress.						
Housing Compliance	GY2414	12	12	3	APM issued 24 January. Fieldwork still in progress as at March 2024 as further information required from client.						
Control Centre	GY2416	12	0	0	Audit has been outsourced.						
TOTAL		70	58	15							
IT Audits											
Cyber Security - Q2	GY2418	12	12	6	APM issued on 7 July 2023. Contractor illness delayed initial progress but a new auditor is now picking up this work and chasing for the required information. Awaiting further audit evidence from Norfolk County Council as at March 2024.						
Application Audit - HR and Payroll System - Q1	GY2419	10	10	4	APM issued on 30 June 2023. Postponed by client originally, contractors illness then delayed a new start date. No closer to starting as at March 2024; meetings still trying to be arranged across service areas.						
TOTAL		22	22	10							
Follow Up											
Follow Up	N/A	16	16	12							
TOTAL		16	16	12							
TOTAL		279	265	160			7	11	10	6	
Percentage of plan completed				60%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES 2023/24

Executive Summary – GY2411 – Non-Housing Property and Asset Management Incl. Commercial Property

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS
	<p>The Asset Management Strategy highlights the importance for conducting regular stock condition surveys to identify the level of repairs and maintenance required and assist with budget setting whilst ensuring properties remain fit for purpose, however no stock condition surveys had taken place in 2022/23 and there are no surveys planned to take place in 2023/24. The last recorded survey was dated as taking place in 2018/19.</p> <p>There is currently no planned maintenance programme in place with most work undertaken on a reactive basis, <u>with the exception of health and safety works</u> which are scheduled.</p> <p>Due to systems limitations, there is no interface between Concerto and Integra. It is necessary to implement preventative controls for invoicing to ensure invoices are raised accurately and timely, with notifications to be obtained from Finance that invoices have <u>actually been</u> raised for new lease or licence agreements and rent reviews.</p> <p>Aged Debt meetings between Property Services and Finance are not occurring regularly <u>i.e.</u> monthly. There are also no updates provided by Sundry Debts during the month on payments received for outstanding amounts with which to allow Property Services to manage debtors more effectively. Evidence needs to be retained to ensure full compliance with delegated levels of authority over the disposal of assets.</p>
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED
<p>The audit has sought to provide assurance over the following key risks: Commercial properties are not routinely checked for condition leading to dilapidation, budgets cannot be controlled for programmed preventative maintenance and non-compliance with CIPFA regulation when managing asset valuations.</p>	<p>The importance of data cleansing has been recognised, with Property Services embarking on a data cleansing schedule and initial outcomes expected during October 23. This will assist in improving administration of rent reviews which have elapsed.</p>



Property Services continue to update Concerto to be able to increase functionality, with recent upgrades to include a dashboard that outlines income, number of properties and upcoming lease terminations, also the ability to manage maintenance costs within the system.

SCOPE

The Council manages a large portfolio of non-housing commercial property and assets such as beach huts, 3G pitch, pavilions, industrial units etc. This review helps to provide assurance that income and maintenance controls are effective across a sample of assets across the portfolio.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
5	3	6	2

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over risk to Council Tax and NNDR of maximum recovery of income.

SCOPE

This key financial system feeds into the Statement of Accounts annual HOIA Opinion and requires regular review to confirm the adequacy and effectiveness of controls in this area. It specifically included coverage of system parameters and modules, billing and valuation, collection of income and income reconciliations and reconciliations to the general ledger, refunds and transfers, discounts, exemptions, reliefs and disregards, arrears recovery and write – offs and the quality assurance controls.

KEY STRATEGIC FINDINGS



The Responsive Support Team Manager undertakes a monthly review of system access to Civica. The monthly reviews ensure that users are accessing their Civica account regularly and to ensure they are changing their password every 30 days. Minimum password requirements are also in place. This provides a good level of control over access to taxpayers' accounts.



Income is correctly accounted for. New direct debits are promptly set up. Rejected direct debit payments are followed up with the account payer and actioned correctly.



Income is posted daily to the Council Tax and NNDR systems and reconciled to the income collected. A sample of daily postings was reviewed, and each were determined to have been posted and reconciled correctly.



Performance measures are in place, monitored, and reported. For both Council Tax and NNDR, a monthly performance framework is produced, which tracks a series of KPIs, utilising RAG ratings to track performance against targets/standards. Additionally, monthly performance updates are produced, which provide reasons for variances, as well as any corrective actions that have been taken.

GOOD PRACTICE IDENTIFIED



A new Compliance Team has been set up within Revenues and Benefits. Its remit includes overseeing compliance with exemptions, discounts, reliefs and disregards to ensure they are correctly administered.



Officers are blocked from accessing the records of family and friends. A screenshot of user exclusion was obtained and this showed the restrictions, as per the addresses on the employee disclaimer form.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	0	0	0

