

Subject: PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Report to: Audit and Risk Committee, 25 July 2022

Report by: Faye Haywood, Head of Internal Audit for Great Yarmouth Borough Council

SUBJECT MATTER

This report examines progress made between 26 February 2022 to 14 July 2022 in relation to the delivery of the revised Annual Internal Audit Plan for 2021/22.

1. INTRODUCTION/BACKGROUND

- 1.1 This report reflects the completion of the audit reviews which are part of the annual internal audit plan of work for 2021/22.

2. CURRENT COMPOSITION OF THE ANNUAL INTERNAL AUDIT PLAN 2021/22

- 2.1 The final position in relation to the delivery of the Internal Audit Plan for 2021/22 is shown within the attached report.

3. FINANCIAL IMPLICATIONS

- 3.1 The Internal Audit Plan has been delivered within the agreed budget for 2021/22.

4. RISK IMPLICATIONS

- 4.1 Internal Audit planning starts with the Council's key risks, which then directs the audit plan for the financial year. Internal Audit reports then identify risk and control weaknesses within the Council, which are highlighted in this report, with appropriate management action being agreed to mitigate these risks within agreed timeframes.

5. CONCLUSIONS

- 5.1 The report contains an update on progress against the Internal Audit Plan for 2021/22.

6. RECOMMENDATIONS

- 6.1 It is recommended that the Committee receive and note the progress being delivered against the Internal Audit Plan for 2021/22.

7. BACKGROUND PAPERS

Appendix – Progress Report on Internal Audit Activity

Area for consideration	Comment
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	Yes
Existing Council Policies:	No
Financial Implications:	Covered within the report
Legal Implications (including human rights):	No
Risk Implications:	Covered within the report
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No

Eastern Internal Audit Services



Great Yarmouth Borough Council

Progress Report on Internal Audit Activity

Period Covered: 26 February 2022 to 14 July 2022

**Responsible Officer: Faye Haywood – Head of Internal Audit for Great Yarmouth
Borough Council**

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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 also require 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. The frequency of reporting and the specific content are for the Authority to determine.
- 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 those audits; and
 - Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 Since the amendments highlighted in the March 2022 report, there have been no further significant changes to the internal audit plan.

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 209 days of programmed work has been completed, equating to 91% of the Internal Audit Plan for 2021/22. A total of three reports are complete but remain in draft awaiting management responses. In addition, two later additions to the plan are in the concluding phases.

The 2021/22 IT audit programme has not been delivered due to auditor resourcing difficulties. This work will be re-profiled into quarter the three-year internal audit plan.

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 final period of 2021/22, Internal Audit has issued eight reports in final and three in draft.

Audit	Assurance	P1	P2	P3
Capital Programme Contracts	Substantial	0	0	3
Coastal Protection	Reasonable	0	3	5
Accounts Receivable	Reasonable	0	1	2
Housing Benefits and Council Tax Support	Reasonable	0	1	4
Council Tax and NNDR	Reasonable	0	1	3
Environmental Services	Limited	2	8	5
Annual Governance Statement	Reasonable	0	0	3
Risk Management	Reasonable	0	4	4
GYN Invoicing (DRAFT)	Limited	6	9	0
Key Controls and Assurance (DRAFT)	Reasonable	0	0	4
Accountancy Services (DRAFT)	Reasonable	0	1	2
Total		8	28	35

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

- 4.5 As can be seen in the table above and as a result of these audits 71 recommendations have been raised by Internal Audit. In addition, nine Operational Effectiveness Matters have been proposed to management for consideration.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 2											
Counter Fraud and Corruption Framework	GY2207	8	8	8	Final report issued on 27 January 2022.	Limited	2	5	3	0	Mar-22
Income	GY2210	8	8	8	Final report issued on 7 December 2021.	Substantial	0	0	2	0	Mar-22
Capital Programme Contracts	GY2213	8	8	8	Final report issued on 24 March 2022.	Substantial	0	0	3	0	Jul-22
GYN - Invoicing	GY2201	8	8	8	Draft report issued on 23 November 2021.	Limited	6	9	0	0	Jul-22
Coastal Protection	GY2216	10	10	10	Final report issued on 3 May 2022.	Reasonable	0	3	5	3	Jul-22
TOTAL		42	42	42							
Quarter 3											
Programme and Project Management	GY2205	8	8	6	Fieldwork complete. Draft report in preparation.						
Accounts Receivable	GY2209	10	10	10	Final report issued on 29 March 2022.	Reasonable	0	1	2	0	Jul-22
Housing Benefits and Ctax Support	GY2211	15	15	15	Final report issued on 22 March 2022.	Reasonable	0	1	4	1	Jul-22
Council Tax and NNDR	GY2212	18	18	18	Final report issued on 16 March 2022.	Reasonable	0	1	3	0	Jul-22
Business Support Grants - Addition	GY2221	0	12	12	Final report issued on 13 January 2022.	Substantial	0	0	0	1	Mar-22
Environmental Services	GY2215	12	12	12	Final report issued on 17 June 2022.	Limited	2	8	5	0	Jul-22
TOTAL		63	75	73							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 4											
Risk Management	GY2202	5	5	5	Final report issued 17 July 2022	Reasonable	0	4	4	3	Jul-22
Annual Governance Statement	GY2203	8	8	8	Final report issued on 15 June 2022.	Reasonable	0	0	3	1	Jul-22
Business Strategy and Performance	GY2204	10	0	0	Audit deferred 2022/23						
Key Controls and Assurance	GY2206	11	11	11	Draft report issued on 1 July 2022.	Reasonable	0	0	4	1	Jul-22
Event Management and Tourism	GY2217	12	0	0	Audit deferred 2022/23						
Development Control	GY2214	15	0	0	Audit deferred 2022/23						
Accountancy Services	GY2208	16	16	16	Draft report issued on 30 June 2022.	Reasonable	0	2	1	0	Jul-22
Housing Compliance - Addition	GY2222	0	15	13	Fieldwork complete. Draft report in preparation.						
Voids - Addition	GY2223	0	12	10	Fieldwork complete. Draft report in preparation.						
TOTAL		77	67	63							
IT Audits											
Change Control and Patch Management	GY2218	10	10	1	Audit delay - not complete						
Software Licensing	GY2219	10	10	6	Audit delay - not complete						
Digital Strategy	GY2220	10	10	8	Audit delay - not complete						
TOTAL		30	30	15							
Follow Up											
Follow Up	N/A	16	16	16							
TOTAL		16	16	16							
TOTAL		228	230	209			10	34	39	10	
Percentage of plan completed				91%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of GY2213 Capital Programme Contracts

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Overall Capital Programme	0	0	0	0
Contract monitoring	0	0	3	0
Financial management and reporting	0	0	0	0
Total	0	0	3	0

SCOPE

This review was deferred from 2020/21 to allow for Covid-19 coverage. Some arrangements have been covered within the Procurement and Contract Management Audit, however a high risk remains within the CRR relating to the management of major projects. The re-development of the Marina Leisure Centre project involving the demolition of the existing Leisure Centre building and erection of a new facility represents a significant risk exposure to the Council. We will provide assurance over the adequacy of risk mitigation by reviewing the procurement and management of contractors, budget management, programme management and delivery.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report for the Capital Programme (GY/19/08) was issued in November 2018. It concluded in a 'Reasonable Assurance' opinion with six 'important' and three 'needs attention' recommendations being raised. This indicates a positive direction of travel.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

Overall Capital Programme

- Capital funding for the Marina Centre and Markets Development was formally approved. The authorisation was in accordance with the council's decision making procedures as defined in the constitution.
- Project risks from a corporate risk perspective are being managed and mitigated sufficiently within the available resources.
- **Contract monitoring**
- Clerk of Works site checks and reporting arrangements are undertaken on a regular basis to record progress.
- With regard to the Markets Development, a review of the monthly Contract Report and monthly progress meeting minutes confirmed that client matters, non-compliance matters, design team issues and general progress is reported in a sufficient manner. The Marina Centre consultant monthly reports are complemented with weekly flash reports for more frequent matters. It was found that: the key actions and issues were raised; Mace performance is assessed; commercial activity is reviewed, and the key client issues as well as the contractor issues are stated in the report.

- The Marina Development change control register is efficient due to its detail, structure and recording file order in SharePoint. Monitoring of the Markets Development was adequately controlled through recorded alterations in the Contract Reports and progress meeting minutes.

Financial management and reporting

- The two projects reviewed are monitored in total as part of the overall Capital Programme. Discussions with Finance, and a review of the Capital Budget Monitoring spreadsheet confirmed that the summary on the Budget Monitoring Report is reported to Policy & Resources Committee every quarter. The Budget Monitoring report section states the budget expenditure, the actuals and the forecasted expenditure.
- Compliance testing selected a sample of payment certificates for the Marina Centre and the Markets Development. Testing confirmed full compliance and adequate payment processes with authorisation controls.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where three 'needs attention' recommendations have been made.

Contract monitoring

- The current assignment and allocation of contracts is generally effective but there is a degree of ambiguity with regard to contract value thresholds for categorising contracts and allocating work. Implementing thresholds based on the value of contracts for the Asset Management Team and the Project Management Team will reduce ambiguity and risk of dispute.
- Utilising SharePoint to store and manage project related information has been trialled for the Marina Centre Development. General record management was found to be adequate but various files had to be requested from various parties during audit fieldwork. Failure to adequately record and retain information in a single point of truth may lead to delays, duplication, missing files and a lack of oversight.
- The signed Markets Development Call-Off Agreements could not be reviewed at the point of audit fieldwork without retrieving files from the office. Hard copy records may be lost, destroyed or damaged. To ensure robust records management processes, especially during prolonged periods of remote working, contractual agreements must be recorded electronically to be retrieved for reference in a timely manner, ensure file safety as well as maintaining sufficient oversight.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit of the Capital Programme was completed in September 2018 with a 'Reasonable' assurance. Previous audit findings were specific to the developments reviewed at the time of the audit fieldwork. As this audit has reviewed different developments, none of the previous recommendations are relevant to this audit.

Assurance Review of GY2216 Coastal Protection

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Project Initiation and Management Budget	0	2	3	2
Management Reporting	0	0	1	0
Performance and Evaluation	0	1	0	0
Risk Management	0	0	1	1
Total	0	3	5	3

No recommendations were made in respect of these areas - Policy and Procedures; Strategy for Coastal Protection including Investment; Partnership working; and Performance Measures.

SCOPE

The objective of the audit is to review the adequacy, effectiveness and efficiency of the systems and controls in place over Coastal Protection.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and five 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised three 'operational effectiveness matters', which sets 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.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Hemsby project is supported with a sound business case, which has been subject to approval by the Environment Committee, including funding arrangements. This ensures there is approval and agreement from the right level of governance in accordance with the constitution.
- Funding applications are signed and approved based on the Environment Agency Memorandum of Understanding which contributes to all parties following the same process.
- A project plan is in place for the Hemsby project which contains an action tracker, decision schedule, risk register, project group notes, issues log, and register of appointments, roles and responsibilities and timelines. This provides focus and direction for the overall project.
- Progress meetings occur regularly with the contractor to report progress/performance of the work in line with the contractual documents. This facilitates ongoing discussions between all parties and ensures that work is being completed in line with the contract.
- The CPE team provided evidence of a comprehensive lessons learned exercise being completed for a previous project. There is another exercise planned for the current project at an appropriate point after completion.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where three 'important' recommendations have been made.

Project initiation

- The Coastal Protection East (CPE) team to clarify, with the GYBC Finance Team, the funding amounts of £75k and £63k and when this funding was approved and should be accrued for; and whether the Environment Agency funding and associated costs should be recognised as revenue or capital.
- The fully completed waiver form for the outline design and Environmental Impact Assessment (EIA) additional work to be completed. This should include signatures of two Heads of Service or one Head of Service and the Section 151 Officer.

Performance

- The Business Plan and annual work programmes be linked to and support the CPE agreement partnership aim and long term vision, including objectives/outcomes which are SMART.

The audit has also highlighted the following areas where five 'needs attention' recommendations have been made.

Project initiation

- Regular budget discussions/meetings to be undertaken between the GYBC Management Accountant and key CPE officers including the Coastal Manager and Project Manager/Coastal Adaptation Officer, in line with the council's budget monitoring process.
- Criteria is set by the CPE for when more formal project governance (including project board) is set up. This should take into account, CPE partners governing documents e.g. constitution, and project management documents.
- Consideration be given to creating separate codes within the coastal protection cost centre which denote each specific project (e.g. Hemsby project) and costs are allocated in accordance to which project they are associated with.

Management Reporting

- Updates on progress against the Hemsby project objectives be provided to the CPE board on at least a six-monthly basis.

Risk management

- The Hemsby project risk register to be updated to reflect current risk score and target risk score and denote risk appetite; and the CPE risk register be updated to denote what the risk appetite is.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

Project initiation and Management Budget

- The Coastal Manager and Coastal Adaptation Officer to discuss with the relevant council teams on how to gain 'read only' access to the GYBC financial system and intranet. In addition, consideration to be given as to what other GYBC systems could be accessed to improve the effectiveness of the Coastal Partnership East operation.
- Financial updates to the Officer Operational Group (OOG) are currently received at the same time as the Coastal Partnership Board (CPB). These used to be received by the OOG at an earlier time. Consideration should therefore be given to whether there is benefit in returning to financial updates being provided to the OOG at an earlier time to the Board. This then gives OOG members time to make any necessary amendments and to be more prepared for board questions.

Risk Management

- Consideration be given to sharing the relevant coastal protection risks with the CPE Team, namely the Coastal Manager, for technical input.

Previous audit recommendations

A previous audit of Coastal Protection has not been undertaken.

Assurance Review of GY2209 Accounts Receivable

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Raising of Sundry Debtors	0	1	0	0
Credits, Refunds and Transfers	0	0	1	0
Recovery and Write Off of Outstanding Debt	0	0	1	0
Total	0	1	2	0

SCOPE

These key financial systems feed into the Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. Where reviews are undertaken in earlier quarters, top up testing will be completed if required in the key controls audit to provide adequate coverage.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous report on Accounts Receivable (GY/20/03) was issued in September 2019, with a 'Reasonable' assurance having raised one 'important' recommendation and seven 'needs attention' recommendation. This indicates a positive direction of travel.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Service Level Agreements (SLA) have been documented and agreed with the Heads of Service for three service areas. This formalises the responsibilities and signed agreement by the Services and Sundry Debts team in improving cash collection. Implementation timetables have been established for three further services, which are due to be signed off by end of 2022/23.
- Sample testing determined that refunds were accurately raised and appropriately authorised which helps ensure that refunds are justified.
- Monthly reconciliations of income, refunds, and write-offs between Civica and Integra were determined to have been completed in a timely manner, with supporting documentation retained, along with the required signoffs, thereby facilitating accurate records on both Civica and the general ledger.
- Performance measures are in place, monitored and reported. The monthly Performance Framework tracks a suite of KPI for Sundry Debts, providing management a means to track performance against established targets.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where one 'important' recommendation have been made.

Raising of Sundry Debtors

- The two incorrectly authorised invoices be revisited by the Revenues & Benefits Service Manager to ensure the correct authorisation is received.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Credits, Refunds and Transfers

- The incorrectly authorised credit note to be revisited by the Revenues & Benefits Service Manager to ensure the correct authorisation is received.

Recovery and Write Off of Outstanding Debt

- Monthly finals reports to be re-started and included on the recovery timetable/schedule. Results of these efforts to be evidenced, and monitored to ensure performance against the plans. This recommendation will also cover Housing Benefits.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous report on Accounts Receivable (GY/20/03) was issued in September 2019, with a 'Reasonable' assurance having raised one 'important' recommendation and seven 'needs attention' recommendation, which have since been confirmed as completed.

The previous report on Key Controls and Assurance (GY/21/07), issued in March 2019, raised one 'important' recommendation relating to the scope of this review, which has since been completed.

Other points noted

- Over the past 18 months, major initiatives have been put in place, in all areas of the Revenues and Benefits Service, to help with the Covid-19 pandemic, which have impacted vastly on the officer's resources as they carried out the administration of these, in addition to their normal day to day work. An example of this, in relation to the Sundry Debts team, is the administration of the Covid-19 business support grants, which is still ongoing. Additionally, Covid-19 restrictions have been acknowledged as having impacted collection processes during the audit testing period. Certain collections actions were suspended during this period, and court closures further impacted recoveries.
- The audit included a review of the Council Tax, Business Rates, Sundry Debts and Housing Overpayments Recovery Guidelines which identified that this document did not reflect current officer job titles/roles. This policy was also reviewed through the course of the GY2211 Housing Benefits and Council Tax Support audit, which has been concurrently taking place, within which a recommendation has been raised, to update the write off authorisations to reflect the current officer job titles/roles. Therefore, a recommendation has not been included in this report.

- Through the course of the GY2212 Council Tax and NNDR audit, concurrently taking place, it was identified that the requisite Quality Assurance checks were not performed during the audit period. While outside of the scope of this review, it was also identified that these QA checks were not being performed within Sundry Debts. A recommendation has been raised in the Council Tax and NNDR audit to implement Quality Assurance checks for both NNDR and Sundry debts. Therefore, a recommendation has not been included in this report.
- This audit has raised findings and recommendations related to the effective operation of authorisation controls for raising invoices and credit notes. Similar findings and recommendations were raised during both the previous Accounts Receivable (GY/20/03) and Key Controls and Assurance (GY/21/07) audits. While management has addressed the specific accounts identified through those audits, the underlying manual processes remain, which has been attributed as the cause of these findings. Furthermore, a similar finding and recommendation has also been raised in the GY2211 Housing Benefits and Council Tax Support audit, relating to a number of writes offs not being correctly authorised. Management has stated that prior to the onset of Covid-19 restrictions, developing an electronic sign-off system had been explored, however it was not finalised. Implementation of this system would help mitigate the risk of improper authorisations of invoices and credit notes. We will revisit this area during the next planned audit of Accounts Receivable

Assurance Review of GY2211 Housing Benefits and Council Tax Support

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Overpayments, arrears and write offs	0	1	1	0
Quality Assurance	0	0	1	0
Procedures	0	0	1	0
Payments	0	0	1	0
Performance Management	0	0	0	1
Total	0	1	4	1

No action points arose in respect of Receipt and Assessment of Applications; Backdated Claims; Discretionary Payments; and Reconciliations.

SCOPE

The objective of the audit was to review the systems and controls in place over Housing Benefit and Council Tax Support, to help confirm that these are operating adequately, effectively and efficient.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and four 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets 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.
- The previous audit report for Housing Benefits and Council Tax Support (GY/20/11) was issued in October 2019. It concluded in a 'Substantial Assurance' opinion with one 'needs attention' recommendation being raised. This indicates a negative direction of travel, although there are extenuating circumstances which have meant that some of the service's resources have been redeployed to undertake Covid-19 related tasks.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Changes/information regarding the benefits system are received through the Housing Delivery Division (HDD) communications process from the DWP which are disseminated to the team as appropriate. DWP circulars are also shared as appropriate and saved in the teams shared drive for accessibility. This helps ensure that key information and legislative changes are actioned when required.
- Evidence is maintained showing that annual updates to the Civica system are updated, checked and authorised, and that Civica system updates are independently checked and tested. This ensures that benefit payments are correctly calculated.
- The Responsive Support Team Manager undertakes a monthly review of system access to Civica. The monthly reviews ensures that users are accessing their Civica account regularly and to ensure that users are changing their password every 30 days. Spreadsheets are maintained which lists all the groups on the system and monthly reports showing the functions in each group and then the users assigned to those groups. These are checked against each other to ensure they have the correct documentation to cover the user being in the right group. The groups are assigned according to the request made on their access request forms. This ensures officers have access based on their job role and access to relevant computer systems is restricted to relevant, authorised personnel.

- New claims and changes in circumstances are input correctly and the supporting information retained, being scanned in to support the Civica entries, thereby ensuring payments are valid and promptly processed.
- Testing of backdated claims confirmed they were for the correct timescales, and were supported by claim forms and internal decision memos. This helps to ensure that backdates are justified and paid correctly.
- Testing of overpayments confirmed they were classified correctly for subsidy purposes and the appropriate route for recovery of overpayments is taken, i.e. recovery through ongoing benefit or raising of debtor invoice. This facilitates the correct subsidy claim, and helps to mitigate the risk of financial loss.
- Discretionary Housing Payments (DHPs) had supporting claims in place which were correctly input by an independent person to the decision maker in order to provide a separation of duties, helping to ensure that payments are made only to eligible claimants.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where one 'important' recommendation has been made.

Overpayments, Arrears and Write Offs

- The four incorrectly authorised amounts be revisited by the Revenues & Benefit Service Manager for correct authorisation and issue raised at the Revenues and Benefits Managers meeting.

The audit has also highlighted the following areas where four 'needs attention' recommendations have been made.

Quality Assurance

- Full quality checking be undertaken, including random testing, at a sufficient level to meet the internal 4% target. If there are months when the 4% is not achieved, then the reasons for this should be documented.

Procedures and Legislation

- A timetable be produced to review, update as appropriate, and add version control details to all procedures that are in place for the HB and CTS team. This should include adding version controls details to the discretionary payments guidance and overpayment recovery procedures, ensuring the inclusion of 'other' classification in these.

Overpayments, Arrears and Write Offs

- To update the write off authorisations, in the Council Tax, Business Rates, Sundry Debts and Housing Overpayments Recovery Guidelines, to reflect the current officer job titles/roles.

Payments of housing benefits

- To produce documented procedures for the high value payments process which should include email confirmations to the Responsive Support Team (which state whether to proceed or hold back high value payments) to include confirmation that all payments have been checked to ascertain if they are four weekly cyclical payments, and in these cases no further checks are necessary, with the exception of first payments being more than £1k.

Operational Effectiveness Matters

The operational effectiveness matter, for management to consider relate to the following:

Performance Management

- Consideration be given to including a performance indicator of % of claims (for both new claims and change in circumstances) which have all the required information when new claim or change of circumstances is received.

Previous audit recommendations

The previous report on Housing Benefits and Council Tax Support (GY/20/11) was issued in October 2019, with a 'Substantial' assurance opinion having raised one recommendation. This recommendation related to the quality review/assurance which is still an issue raised within the current audit, a new recommendation being raised to take account of the service's current circumstances.

Other points noted

Over the past 18 months, major initiatives have been put in place, in all areas of the Revenues and Benefits Service, to help with the pandemic, which have impacted vastly on the officer's resources as they carried out the administration of these, in addition to their normal day to day work. An example of this, in particular to the benefits team, is the administration of the test and trace scheme which is still ongoing until at least the end of March 2022. This heavily impacts on the benefits assessor and team leader roles, as well as required reporting to government and the finance team, having to be undertaken by the Benefit and Council Tax Team Manager and Performance Officer.

Assurance Review of GY2212 Council Tax and NNDR

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies & Procedures	0	0	1	0
Collection of Income	0	0	1	0
Quality Assurance	0	1	0	0
Arrears and Write Offs	0	0	1	0
Total	0	1	3	0

SCOPE

A key financial system feeding into the statement of accounts requires regular review. In addition a proportion of this coverage will be used to provide assurance on the issuing of Covid-19 business grants including discretionary payments. A detailed review of business grants end to end processes, and evidence of due diligence requested to provide assurance that grants have been paid correctly, has been undertaken in a separate audit of Business Support Grants (GY2221).

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report for Council Tax and NNDR (GY/20/05) was issued in September 2019. It concluded in a 'Reasonable Assurance' opinion with one 'important, one 'needs attention', and one 'operational' recommendation being raised. This indicates a negative level of assurance, although there are extenuating circumstances which have meant that some of the service's resources have been redeployed to undertake covid-19 related tasks.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- System parameters were correctly set for both Council Tax (CTAX) and National Non-Domestic Rates (NNDR) before the start of the financial year, and obtained the appropriate signoffs from a senior officer. This contributes to correct annual billing.
- Reconciliations between Civica and Valuation Office Agency lists were completed accurately, and reviewed, in a timely manner. This facilitates the correct billing of NNDR and CTAX accounts.
- Actions for NNDR and CTAX accounts, such as direct debit set ups and changes of address were generally found to be completed promptly and accurately. While individual samples reviewed exceeded processing targets, the average processing times were within target. This helps ensure that, in the majority, bills are issued in a timely manner.
- Monthly reconciliations of income, refunds, and write-offs were completed between Civica and Integra were determined to have been completed in a timely manner, with supporting documentation retained, along with the required signoffs, thereby facilitating accurate records on both Civica and the general ledger.
- Refunds for CTAX and NNDR accounts were reviewed and authorised in accordance with delegated authority limits. Sample testing performed observed authorisations across multiple authority levels. This facilitates income optimisation to the council and reduces the risk of incorrect refunds.
- Samples of discount, exemptions, and reliefs were reviewed for CTAX and NNDR. All samples were determined to have been awarded appropriately, and were supported by required proof. This provides assurance that council tax and NNDR charges are reduced correctly and mitigating the risk of loss of income through incorrect application.

- Performance measures are in place, monitored and reported. The monthly Performance Framework tracks a suite of KPI across CTAX and NNDR, providing management a means to track performance established targets. Risks were documented and tracked through Business Impact Assessments, and Risk Assessments, allowing Management to identify relevant risks, and planned mitigating actions.
- Controls for the processing of Covid business grants were determined to be in accordance with government guidance, and in conjunction with sample testing, are operating effectively, thereby facilitating accurate grants being approved.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where one 'important' recommendation has been made.

Quality Assurance

- QA procedures to be implemented for NNDR and Sundry Debts. A minimum number of completed reviews should be established, and incorporated into performance reporting, along with performance against those targets.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Policies & Procedures

- Management to ensure that all procedures are assigned to an individual for regular review, and that updates are completed on schedule.

Collection of Income

- To ensure that the credit balances quarterly review process is completed as intended, and timetables adhered to, Management to review the performance against the plan after the first completed quarter, utilising the retained evidence of the reviewed reports, and to revise the plans/timetables as necessary.

Arrears and Write Offs

- Management to review the performance against the recovery schedule/plans after the first completed quarter, utilising the retained evidence of the reviewed reports, and to revise the plans as necessary.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit of Council Tax and NNDR (GY/20/05) was completed in September 2019 with a 'Reasonable' assurance opinion, one 'needs attention' recommendation, relating to the revision of procedures, remains overdue. This recommendation is superseded by recommendation number two in the management action plan below, the original recommendation having a revised implementation date of 31/03/2022.

Other points noted

Over the past 18 months, major initiatives have been put in place, in all areas of the Revenues and Benefits Service, to help with the pandemic, which have impacted vastly on the officer's resources as they carried out the administration of these, in addition to their normal day to day work. An example of this, in relation to the NNDR team, is the administration of the covid business support grants, which is still ongoing.

Assurance Review of GY2215 Environmental Services

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Service Planning	0	1	0	0
Private Water Supplies	1	0	0	0
Air Quality	0	1	0	0
Private Sector Housing	1	1	1	0
Environmental Permitting	0	1	1	0
Anti-Social Behaviour	0	2	1	0
Health and Safety	0	1	0	0
Animal Licensing	0	1	0	0
Waste and Cleansing	0	0	1	0
Risk Management	0	0	1	0
Total	2	8	5	0

SCOPE

The objective of the audit was to review the systems and controls in place over Environmental Services to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'urgent', eight 'important' and five 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report for Environmental Services (GY/19/09) was issued in September 2018. It concluded in a 'Reasonable Assurance' opinion as a result of one 'important' and seven 'needs attention' recommendations being raised. This indicates a negative direction of travel, although there are extenuating circumstances which has meant that some of the service's resources have been redeployed to undertake COVID related tasks. Furthermore, the GY/20/16 Corporate Enforcement audit report was issued in September 2020. It concluded in a 'Reasonable Assurance' opinion as a result of five 'important' and two 'needs attention' recommendations being raised.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Due to the effects of the pandemic on the Waste and Cleansing Team, an update was reported to the Environment Committee, in July 2021, on waste services that the Council focuses on kerbside recycling and fly-tipping. A Garden Waste Service update was also provided to the Environment Committee which included a service overview, current position, growth initiatives, service potential, the disruption to the service as result of Covid-19, and details of the Government waste proposals, i.e. Recycling Consultancy Consultation. This enables members to be kept informed of the situation and to be alerted to any issues that need addressing.
- General calls to the Environmental Services Team were put on hold during the first lockdown, with an increase in calls in 2021 compared to previous periods. However, as of December 2021, the associated backlog had been cleared demonstrating that the team is now back on track.
- Outstanding complaints relating to private sector housing amounted to 34 but by mid-January 2022, these had halved with the longest due back to beginning of December 2021. This demonstrates the increase in complaints being dealt with and that the oldest ones are around one month old.
- The LalPac computer system is used to manage licensing services. This includes the ability to run reports, for example of the status of taxi drivers Disclosure and Barring Service (DBS) checks, to ensure regulatory safety checks have been applied for all license holders. In relation to this, standards have been brought in to be implemented by the 1st April 2022, as issued by the department of transport. The Licensing Committee received and approved the information to enable these standards to be formally included in the Licensing Policy with effect from 1st April 2022. This enables the Licensing Team to be up to date with legislative changes.

- A Covid response team was set up to deal with the pandemic which includes Covid marshals, testing and track and trace services, the Covid Response Manager, liaising with other Council services and external bodies including the Police and community Groups. There is also access to Norfolk County Council information to identify spikes, etc. and receiving a weekly case rate updates from the Council's Resilience Officer.
- The contain outbreak management fund (COMF) has been used to help fund this team with the potential for this funding to go into 2022/23, posts within the team being currently extended to 31st March 2022.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where two 'urgent' recommendations have been made.

Private Water Supplies

- To ensure that all private water supplies are subject to inspection in accordance with the private water supply regulations.

Private Sector Housing

- To agree a timescale for the completion of the overdue HMO interim inspections, adding this information to the Civica records, and for these records to be updated with supporting documents. To also consistently use the action diary facility on Civica, to add actions/events such as date licensing application made, payment received and full licence issued.

The audit has also highlighted the following areas where eight 'important' recommendations have been made.

Private Sector Housing

- To agree a timescale for the completion of the year four inspections, in respect of the private rented housing selective licensing scheme relating to the Nelson Ward,

Service Planning

- A Service Recovery and Improvement Plan be produced for all services which are not back to business as usual following the pandemic, and to monitor and implement overdue audit recommendations, including new ones from this current audit.

Air Quality

- The 2020 Air Quality Annual Status Report (ASR) be submitted to DEFRA and then reported to the Environment Committee.

Environmental Permitting

- The Environmental Permitting Inspection regime spreadsheet be updated to ensure that:
 - Inspection frequencies are correct;

- Closed businesses are removed:
- All completed inspections are shown as such; and
- All due inspections are correctly dated.

Anti-Social Behaviour

- A review of the Anti-Social Behaviour Strategy 2018 – 2023 be undertaken, reported to the Policy and Resources Committee and annual action plans re-instated.
- All ASB activity, including number of cases, to be effectively managed and recorded with supporting evidence retained.

Health and Safety

- To submit the 2020/21 annual return on Health and Safety activity to the Health and Safety Executive (HSE), in relation to annual health and safety inspection and enforcement activity undertaken by the Council.

Animal Licensing

- To agree a timescale to re-commence investigation work in relation to the three potential prosecutions involving animal welfare.

The audit has also highlighted the following areas where five 'needs attention' recommendations have been made.

Private Sector Housing

- The updated selective licensing and Houses in Multiple Occupation (HMO) registers to be published on the Council's website

Environmental Permitting

- To consider using the Civica system to manage the environmental permitting process, in place of separate management documents, (word and excel).

Anti-Social Behaviour

- To produce documented procedures for the ASB function, including the role and responsibilities of the ASB coordinator.

Waste and Cleansing

- Monthly reports, relating to GYBS provided services, e.g. fly tipping removal response, litter bin inspections, grass cutting inspections, and review of refuse rounds, are re-commenced.

Risk Management

- To include service risks within the Environmental Services Managers meeting agenda. Minutes of these meetings should also be recorded to demonstrate how risks are being managed and progressed.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

Following review of the previous internal audit recommendations, nine were confirmed as still outstanding, which were discussed with management and revised deadline dates agreed, with one recommendation being superseded by a recommendation raised within this report. The control issues are still present but the recommendations have been expanded and modified to reflect the testing results and current situation.

Outstanding recommendations are detailed in Appendix 1.

Other points noted

- A re-structure of the Environmental Service Team was put into effect in January 2022 and therefore is in its infancy, with a phased approach, to operationally implement this, taking place across the team.
- The Corporate service improvement plan (SIP) template for 2021/22, which is aligned to the Corporate Annual Action Plan (AAP) does not include a service risk section. This has not been raised as recommendation within this report due to this issue being covered in the GYBC Risk Management Audit (GY2202) which is timetabled to start on 9th March 2022. Furthermore, a recommendation relating to the inclusion of service risks within the Environmental Services Managers meeting agenda, has been included within this current audit.
- The stray dog contract, managed by the Waste and Cleansing Team, expired in April 2020. However, there are not many suppliers of this service. Formal tendering is however required to ensure contract procedure rules are adhered to and VFM is achieved. This has not affected the running of the service and the current contract has been adhered to since it formally expired, with the timescale for formal re-tendering and new contract to be in place by 30th June 2022, therefore no recommendation has been raised.
- In January 2022, there has been questions raised around the process of the designation of the Selective Licensing area in the Nelson Ward in 2019 and therefore, legal counsel advice is being sought to understand the implications of this on the future of the scheme and its delivery, and as a consequence, all enforcement action has been put on hold.

Before this issue was established, the audit also ascertained that, due to Covid-19, year three inspections had not taken place with the decision for when year four inspections will take place to be made by management, hence these are not yet been planned in. Therefore, a recommendation has been included within this report.

Food hygiene inspections were not undertaken for 18 months during the pandemic with advice from the Food Standards Agency (FSA) to cease inspections unless they are due to a high risk or a complaint, a follow up had been planned, and to also give advice to businesses. A programme/plan is now in place so that a triage approach is undertaken, as agreed by the FSA and confirmed in the FSA Local Authority Recovery Plan (FSA LARP), which included the provision of funding to assist with triaging new businesses for initial inspection, enabling local authorities to deploy other resources more effectively and efficiently during the recovery period. This includes a number of businesses that have been assessed as low risk and have been given an alternative enforcement strategy/ inspection. Competent Authorities that decide to subject food business establishments to alternative enforcement strategies, must ensure their alternative enforcement strategy meets set criteria in line with the Code of Practice.

Businesses which are not new, are being inspected on a risk basis so those which are higher risk will be prioritised by officers. Those existing businesses which are overdue inspections will be inspected. If a complaint is received or intelligence that a business has issues, depending on the nature, they may be prioritised further.

The latest FSA LARP provides a timeline for the recovery plan (all establishments rated category A for hygiene to have a received an onsite intervention by 31st March 2022 and prior to this, prioritisation of all new business by 30 Sept 2021), with good progress being made by the team.

In addition, as agreed with the FSA, the Council is contacting all new businesses providing advice and guidance, adding them to the food hygiene rating scheme as awaiting inspection undertaking visits/inspections in relation to complaints, revisiting those who in receipt of enforcement notices, and visiting business which are A or B rated - to meet the minimum expectations set out by the FSA in the COVID Local Authority Recovery Plan Q&A.

Food Hygiene KPIs, are reported on quarterly which are a) % of food premises scoring 3 star food hygiene ratings or above (EN01a) and b) Number of food premises inspected (EN01b). EN01a outturns has been categorised as green for the first 3 quarters of 2021/22 but EN01b is categorised as red, even though the outturn has improved between quarter 1 and quarter 3. Due to this improvement and the FSA recovery plan being worked towards, no recommendation has been made.

- Ship sanitation work/inspections have recommenced although limited to two a week rather than five, due to the limited capacity. However, this is not a statutory service with the team balancing this activity with their statutory requirements.
- The Government has recently issued a consultation on a number of proposals which would place new requirements on local authorities for recycling and could have significant effects on the way the Borough Councils deliver their services. The intent of these proposals is to increase recycling both at a household and business level. If instigated, these proposals could start to come in to effect from 2023.

The outcome of the consultation is expected by December 2022 although the Council is already gearing up for the changes including accounting for the 'New burdens funding' being provide by Government to cover some, if not all, of the implementations.

- Due to the pandemic, the procurement of a new system, to replace the Civica system, was put on hold. The Head of Environmental Services stated that the plan is for this to be out to procurement in the April – May 2022 period with a phased implementation across the team, starting from December 2022, at the latest.

Assurance Review of GY2203 Annual Governance Statement

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Governance	0	0	1	0
Local Code of Corporate Governance	0	0	1	0
Supporting Evidence	0	0	1	1
Total	0	0	3	1

SCOPE

This audit was undertaken to provide assurance that compliance with the Councils' governance code can be evidenced and that the Annual Governance Statement (AGS) is produced to follow the CIPFA and Solace Delivering Good Governance in Local Government. This review was carried out consortium wide to draw on similarities and relevant good practice.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets 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.
- External Audit have not undertaken their audit of the 2020/21 accounts; we are therefore unable to provide assurance over the Council's financial arrangements as reflected in the AGS because the accounts have not yet been signed off.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Corporate Risk Officer has overall responsibility and ownership for the Annual Governance Statement process. Input is received from all departments via completion of assurance statement assessments which inform the Annual Governance Statement and review of the Local Corporate Governance Code.
- The Annual Governance Statement was reviewed and approved by the Audit and Risk Committee on 14th June 2021.
- The Local Code of Corporate Governance is reviewed annually with input requested from all departments.
- The role of internal audit and key findings from its work are included within the Annual Governance Statement. The overall Internal Audit opinion (Reasonable) was stated for 2020/21.
- In compliance with the CIPFA guidance, The Annual Governance Statement includes the role of internal and external audit, assessments of risk and control, effectiveness of key controls and partnership arrangements, and refers to the Head of Internal Audit Opinion.
- The Annual Governance Statement includes specific reference to the fact that External Auditors have yet to complete their audit of the financial accounts for 2020/21.
- The action plan, supporting the Annual Governance Statement, is based on the composite report compiled on the basis of the self-assessment responses provided by management.

- The AGS clearly communicates what has been done to resolve significant control issues and what remains to be done. The Action Plan includes significant control issues that have been identified. Each item communicates the actions taken and what remains to be done, as well as due date for completion for each item.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Governance

- The timetable for completion of the Annual Governance Statement, including the Self-Assessment Process, is documented and shared with the Officers who contribute to it.

Local Code of Corporate Governance

- A review of the "Policies and Strategies" and "Plans and Performance" sections of Council's website to be completed to ensure the most up to date documents are uploaded to the website, and to identify items due for update.

Supporting Evidence

- The Annual Governance Statement for 2021/22 and thereafter, to include more detail on role of internal and external audit for the prevention and detection of fraud.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- Management to consider the use of hyperlinks to key governance documents to be utilised within the AGS to facilitate a more user friendly statement.

Previous audit recommendations

This is the first Annual Governance Statement audit for the Council however, the Key Control and Assurance audit includes a review of the Assurance Framework. One recommendation was made on the Assurance Framework process in the Key Control and Assurance audit undertaken in 2020/21, which remains outstanding and is referenced below.

Other points noted

An audit recommendation was raised in the 2020/21 Key Control and Assurance audit relating to the non-return of Assurance statements, which was also observed in this audit. However, the final report for the Key Control and Assurance audit was issued in September 2021, with the AGS for 2020/21 being completed in June 2021. As such, this recommendation remains open, and no additional recommendation has been raised. The Corporate Risk Officer has stated that the recommendation will be implemented for the 2021/22 AGS. The outstanding recommendation will be followed up as part of the audit cyclical follow up process.

Assurance Review of GY2202 Risk Management

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Risk Management	0	4	4	3

SCOPE

This review focuses on the framework in place to manage corporate and operational risk at the Council, to ensure that these are appropriately recorded, monitored and reported upon, with escalation in place should this be required.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of four 'important' and four 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised three 'operational effectiveness matters', which sets 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.
- The previous audit report for Risk Management (GY/19/09) was issued in October 2018. It concluded in a 'Reasonable Assurance' opinion as a result of five 'needs attention' recommendations being raised. This indicates a negative direction of travel.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Risk Management Framework is up to date, having recently being reviewed in January 2022, which includes details of leadership and responsibility, role of the Executive Leadership Team (ELT) and risk management approach and methodology, amongst other information. This facilitates a consistent approach to follow for the assessment and management of risks.
- Quarterly meetings are held for the Corporate Risk Group (CRG), this process enabling the CRG to achieve its outcomes, as documented in the CRG Terms of Reference. The outcomes include, but are not limited to, provision of an officer coordinating group with an overview of corporate risk; ensuring ensure that the Council have a suitable Risk Management Framework to address; and to regularly review the Corporate Risk Register (CRR) and Partnership Register (PR).
- Risk management reports to ELT/Management Team (MT) and the Audit & Risk Committee (A&R) contain details of risks that have increased or reduced in rating, and risk that have been removed or added. Furthermore, within the risk register itself, there is a direction of travel column to categorise each risk as follows: No change to current risk rating; Current risk rating has reduced; and Current risk rating has increased, enabling report readers an overview of risk movement and how each risk is progressing.
- Quarterly meetings are held with Heads of Service, Directors and risk owners, to review the corporate risks, which enables risks to be assessed on a regular basis.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where four 'important' recommendations have been made.

- The PR to be reviewed and updated, taking into account the Outside Bodies report, and to consider whether this can be reduced to key partnerships whilst keeping a track of all key risks.
- The risks within the CRR be linked to the council's strategic priority areas or associated key outcomes, as set out in the councils corporate plan ('The Plan 2020 - 2025').
- A service risk register template is introduced for the 2022/23 financial year which is in line with the CRR template and methodology. These should be reviewed by the CRG during the first quarter of each financial year and subsequently reviewed for any material changes.
The Corporate Risk Register be changed to include allocating both a current and target score to the risks. This will allow oversight of the current exposure with current controls in place and indicate what the target score will be after mitigating actions have been completed.
- The CRR be changed to include allocating both a current and target score. This will allow oversight of the current exposure with current controls in place and indicate what the target score will be after mitigating actions have been completed.

The audit has also highlighted the following areas where four 'needs attention' recommendations have been made.

- A review and update of the council's Risk Management page on the intranet be undertaken, including uploading the most recent copies of documents. This should include agreeing a timescale with the Information Management and Technology (IMT) team of when this will be possible
- The risks on the CRR where the risk rating score has not been reduced over the last 12 -15 month period, be reviewed by ELT/MT.
- Version control details to be added to the CRG terms of reference (ToR) including date of last review, reviewer name and date of next review due.
- Corporate Risk Management training be made available for staff where relevant and appropriate.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- The CRG be consulted with, to agree the circumstances in which to de-escalate risks from the CRR and once agreed, to document this within the Risk Management Framework.
- Consideration is given by the CRG to include service risks as a standing agenda item.

- Consideration is given to allocating a lead risk owner to each corporate risk, rather than assigning to multiple officers.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Other points noted

- It is common practice to have a risk appetite defined by a specific risk rating range and anything scored above the risk appetite, is classed as outside of the risk appetite. Therefore, risk scores denote whether they are in or outside of the risk appetite. However, the council's risks methodology also includes a risk score range of 5 - 9 which is denoted as 'Acceptable with some mitigating and contingency planning. Routine reviews should be carried out to ensure there is no change which makes them more severe.' This is in addition to a green risk score range of 1 – 4 which is denoted as being within risk appetite, in addition to the score range of 10 – 25 which is classed as outside of the risk appetite. The Corporate Risk Officer stated that they have no issues with the methodology in practice, and therefore no recommendation has been made.

There are 26 risks on the risk register, which include two recommendations split into two parts, i.e. A and B, and one recommendation which is split into A, B and C. The Corporate Risk Officer has stated that they are all risks that will have an impact on achieving corporate objectives and therefore need to be recorded and managed. This, however is high in comparison with other Local Authority Strategic/Corporate Risk Registers. The recommendations made in this report may help to de-escalate/reduce the number of risks, therefore no further specific recommendation is made.

DRAFT Assurance Review of GY2206 Key Controls and Assurance

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Accounts Payable	0	0	1	1
Payroll and HR	0	0	2	0
Housing Rents	0	0	1	0
Total	0	0	4	1

SCOPE

This audit covers an annual review of key controls that feed into the Statement of Accounts, for those systems that are not subject to an audit review within the 2021/22 audit plan.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of four 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out a matter 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.
- The previous review of Key Controls and Assurance (GY/21/07), completed in September 2021, also concluded in a 'Reasonable' assurance having raised three 'important' and five 'needs attention' recommendations. This indicates a positive direction of travel since the previous audit.

KEY FINDINGS

Key Controls Testing

There are a number of key controls within the fundamental financial systems that are required to be covered by internal audit each year, in order to support the Annual Governance Statement (AGS) and the Head of Internal Audit's Annual Report and Opinion.

The following audits were subject to full sample testing as part of this key controls audit:

- Payroll and HR
- Housing Rents
- Car Parks Income
- Accounts Payable

This audit will refer to the conclusions drawn from the following systems, where full year testing was applied in a separate audit:

- Accounts Receivable – GY2209 – issued 29th March 2022
- Housing Benefit and Council Tax Support – GY2211 – issued 22nd March 2022
- Council Tax and NNDR – GY2212 – issued 16th March 2022

- Income – GY2210 – issued 7th December 2022
- Accountancy Services which incorporates the areas of; Asset Register, General Ledger, Control Accounts, Treasury Management and Budgetary Control - GY2208 – issued 30 June 2022
- Annual Governance Statement – GY2203 – draft report issued 8th June 2022

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where four 'needs attention' recommendations have been made.

Accounts Payable

- Inactive suppliers be deactivated on a rolling programme where oldest suppliers are deactivated first.

Payroll and HR

- To ensure the checking of 'leavers' records is formally recorded on the payroll checking spreadsheet.
- To ensure evidence is saved to support employee start dates.

Housing Rents

- Checking and approval of reconciliation of the Housing Rent system with the Cash Receipting System, are completed within the five working day timeframe. Alternatively, timeframes be reviewed to ensure they are achievable.

Operational Effectiveness Matters

The operational effectiveness matter, for management to consider relates to the following:

- Accounts payable - A quarterly analysis of overdue invoices is undertaken, to highlight those taken longer than both 30 and 100 days, which is reviewed by the Finance Team Leader and escalated to the Finance Manager, when necessary. This provides greater oversight of problem areas within the council services where invoices are taking a particularly long time to be processed for payment.

Previous audit recommendations

The audit reviewed the previous internal audit (GY2107) recommendations, of which one remained outstanding, relating to the Annual Governance Statement – ‘The non-return of completed Assurance Statements be escalated to the corporate risk group and reflected in the wording of the AGS, to show the percentage return rate’. This was discussed with management as part of the regular audit cyclical follow up process, and a revised deadline date agreed of 31/07/2022.

Other points noted

- The new starters form was not signed by the manager, for the election staff sample tested. This however has not been raised as a recommendation due to this being an isolated lapse in control.
- Sample testing of two weekly NNDR reconciliations between the system, and the Valuation Officer Listing, identified one reconciliation which was reconciled within eight days, which is longer than the recommended period of five days. Due to this being a one-off, no recommendation has been raised.
- Testing of one reconciliation between the Housing Benefits System and the General Ledger identified that the reconciliation sign off was undertaken more than a month after the period being reconciled. However, this may have been due to an error in not saving the sign off when it was actually completed. Due to this being a one-off and the audit being in receipt of the last 2021/22 reconciliation (March 2022), which was signed off in a timely manner, no recommendation has been raised.
- A spreadsheet is used by HR to record changes to employment contracts. However during the audit, it was not clear that the required checks to verify variations/changes to contracts, were being formally documented. This issue has since been rectified with evidence received by audit showing that a consistent approach is now being applied to the recording of employment changes.
- Sample testing of housing rents arrears identified one tenant who was provided with a council garage, despite having rents arrears amounting to circa £4k. The documented procedures state that the tenancy is checked and any breach or housing related debts means that an offer of a garage is not made to the tenant. In this instance, it was down to officer error who has been made aware of this and reminded of the procedure to follow. Also, the Tenancy Team has updated the IT system process to support an improved service and reduce opportunity for this situation to reoccur. Therefore no recommendation has been made.
- Data analytics was performed on the full population of purchase orders raised since 01/04/2021, and from this testing, it was identified that there was one exception, where the same user had raised and authorised a purchase order. Purchase order was raised on 19/07/202 and authorised on 23/07/2021 for the value of £1350. The above mentioned exception was later identified by the Finance Team leader and as a result the requester/authoriser's privileges related to 'raising PO' was deactivated (but authorisation of PO's was maintained).
- Collection of former tenant arrears (FTA) ceased during the pandemic due to resources and concentrating on getting current arrears recovered, in addition to processes being adapted to take into account financial problems experienced by tenants as a result of the pandemic. Collection of FTA recommenced from September 2021 with notices of serving possessions once again issued due to courts being opened up again. However the manager has now confirmed that the team are currently understaffed, only having 4.5 FTE staff in the team due to vacancies. It is envisaged that the team will return to normal staffing levels mid July 2022, of 8 FTE. After a period of 'bedding in' for the new staff, collection of arrears can then re-commence. During this time they have been completing

critical day to day works and arrears collection has been placed on hold. Testing of arrears will be covered in more detail in the full Housing Rents audit, due to be undertaken in quarter four of the 2022/23 financial year.

DRAFT Assurance Review of GY2208 Accountancy Services

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Treasury Management	0	0	2	0
Asset Register	0	1	0	0
Total	0	1	2	0

No recommendations have been raised in respect of budgetary control, journals, general ledger or control accounts.

SCOPE

The scope of the audit included treasury management, budgetary control, journal entries, general ledger maintenance, control accounts and the asset register. These key financial systems feed into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in these key areas.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' assurance in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous report of Accountancy Services (GY2002) was issued in October 2019 with a 'substantial' assurance opinion, as a result of no recommendations being raised. This therefore shows a negative direction of travel within the control environment.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Council has an up-to-date Treasury Management Strategy and Policy. These adhere to the CIPFA Treasury Management Code of Practice, and the Council has considered recent and forthcoming changes to the Code. This helps to ensure that funds are invested prudently.
- Documented procedures are in place for budgetary control, general ledger maintenance, including journals, control accounts, and asset register, thus helping to ensure staff are aware of correct practices to follow.
- Arlingclose provides the Council with treasury management advice. This helps ensure the Council receives professional advice on their investment activity.
- Investment options are clearly documented, including the identification of investment options, decisions made and the transfer of funds, and including evidence of independent approval, in line with delegated responsibility.
- The 2020/21 budget was set in accordance with agreed timescales. Evidence was provided to show service heads involvement and agreement to budgets set.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following area where one 'important' recommendation has been made.

Asset Register

- Reconciliations of the asset register to be brought up to date as soon as possible and be reconciled at least annually, thereafter. (Last reconciliation in March 2019).

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Treasury Management

- To publish the Treasury Management Strategy for 2022/23 on the Council's website via its 'Policies and strategies' page.
- Monthly Treasury management reconciliations to the general ledger to be signed and dated by the preparer and reviewer.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous report of Accountancy Services (GY2002) was issued in October 2019 with a 'substantial' assurance opinion, as a result of no recommendations being raised.

Other points noted

As reported in the previous review of Key Controls and Assurance (GY2107 – issued September 2021), the Council's process for journals is that journals over £50k and any cash journals are independently reviewed and authorised, while other journals can be posted by any officer in Finance without independent authorisation. The system does not enforce segregation of duties. The Council has considered and accepts the risk associated with this policy citing compensatory controls that only finance staff can undertake journals, that the system does not allow any unbalanced journal to be processed or those without a budget code allocated. In addition, further compensation was noted that Management Accountants review and monitor accounts on a monthly basis and errors would be identified. This practice remains unchanged.

The last external audit report was issued in September 2020 and related to the financial year ending 31st March 2019. The 2019 report stated that it identified a number of material errors in the accounts that were corrected by management. There were no further matters to report. The Finance Manager confirmed that the 2019/20 accounts were not signed off until December 2021 and therefore the 2021 external audit will not be completed until June 2022; the delay was owing to Covid-19 and external audit resourcing issues, and is not an indication of any significant problems.

DRAFT Assurance Review of the GYN Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Council's objectives for the joint venture	2	0	0	0
Managing the workflow	1	2	0	0
Managing outcomes from completed works	1	1	0	0
Voids	0	3	0	0
Stores	1	2	0	0
Canopies	1	0	0	0
Fire Doors	0	1	0	0
Total	6	9	0	0

SCOPE

This audit forms part of the 2021/2022 audit plan and commenced to review invoicing processes for the Joint Venture Company (GY Norse Ltd), which was established in 2014 between the Council and the Norse Group, for the delivery of services relating to council housing asset management. Our review focused on the works process from the point of confirmation of completed works to invoicing and evaluating the systems used to inform this process, demonstrating materials purchased and utilised, completion of works and post inspection.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of six 'urgent and nine 'important' recommendations being raised upon the conclusion of our work.
- The review did not include a full review of the GYN contract arrangements, as such there may be areas outside of this scope where controls are operating effectively.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where six 'urgent' recommendations have been made.

Council's objectives for the joint venture

- The Council to decide whether the original objective of the joint venture is still operating and works for all parties, whether the objective itself is still relevant and fit for purpose. The outcome to determine the strategic direction for the service.
- The Council to review the GYN service agreement to decide whether the specifications meet the requirements of the Council/contractor/joint venture arrangements, are effective in delivering the service, without duplication, providing clarity to both parties. Consideration should also be given to devising clear protocols, a structure chart, lines of reporting, clearly defined roles and responsibilities, monitoring of delivery, reporting requirements for meeting the Councils objectives.

Managing the workflow

- The Council to reconcile all jobs still open on the OMS system to the works completed by GYN from records held on the Norse TOTAL system. Any jobs still open on the TOTAL system to be assessed, reported on and actioned.

Managing outcomes from completed works

- Within the current processes, a reconciliation of completed works from the Norse Total system/done report to the Councils HMS system and spreadsheets of works, along with supporting sign off documentation being provided, should be undertaken every month, to verify that work has been completed, signed off for payment to be made and the HMS system is up to date for works completed.

Stores

- On completion of the stock check in GYN stores, the Council should trace the addresses of the properties named on each kitchen back to the records of completed works and works outstanding, ascertain whether a kitchen has been fitted or works no longer required. To also contact the tenant to verify whether a kitchen has been fitted/still required. To identify the cause of surplus ordering or delay and adjust processes to prevent future recurrences.

Canopies

- The Council to check through the properties identified as requiring a new canopy and notified to GYN and compare to the 'done' report to ascertain the completed properties. The remaining properties without confirmation to be referred to GYN to ascertain the current status of those properties canopies.

The audit has also highlighted the following areas where nine 'important' recommendations have been made.

Managing the workflow

- The Council consider investing in a dedicated housing maintenance system to manage the works, which is accessible by both the Council and GYN to complete the assigning, costing, completion and monitoring of works.
- The service should be benchmarked with national standards, including areas such as voids, systems and processes adopted and tenant feedback to ascertain current performance and national expectations.

Managing outcomes from completed works

- The monthly cost challenge process to be redesigned. To ensure that the costing implications are an accurate and fair reflection of the work completed, that all parties agree to and payments reflect the fair charges actually incurred.

Voids

- The variations identified between the initial survey and subsequent VOs should be reviewed to ascertain the underlying causes for the VOs. Where there are repeated issues, ascertain whether this is due to the initial survey requiring update or additional works being added.
- The Council's surveyor checklist be revised to incorporate all relevant areas that need to be considered.
- The process for completing void inspections and undertaking works to be reviewed, to avoid duplication in undertaking surveys, identifying all works through the Council's initial survey and monitoring of works completed. The void process to be discussed with the joint venture for expectations and responsibilities for each part of the process.

Stores

- To ascertain a process for procuring future items that includes checking stores, to verify whether there is already an item, such as a kitchen, in stores that could be utilised prior to purchasing further items.
- The process for managing stores items for the Council to be reviewed, to ascertain whether GYN stores is the appropriate store, and introduce stores management controls to manage the items into, held and out of stores, including review of long standing items, whether still required and how they are accounted for, with the stock check being completed and valued.

Fire Doors

- The Council to seek from Norse a report from TOTAL identifying who was responsible for approving the fire doors payment in March 2021. To ascertain how jobs not completed had been included on the 'done' report.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

There are no outstanding internal audit recommendations from previous reviews relevant to this audit.