



## Mid-Year Internal Audit Progress Report 2021-2022

### Introduction

The purpose of this report is to:

- provide a flavour of the work undertaken by the internal audit team during the period April 2021 to mid-October 2021
- highlight any areas of concern arising from that work
- advise on progress against the 2021-2022 audit plan

### 1. Overview

- 1.1 As further detailed below, during the period we have performed a variety of work including the following:
- completed four added value reviews, four audits, and five follow up audits
  - continued to dedicate significant internal audit resource to support processes regarding the payment of, and assurance over, COVID-19 business grants
  - National Fraud Initiative work
  - financial due diligence work and advice as requested by the services
  - certification work in respect of a number of grants received
- 1.2 Overall, we consider that reasonable progress has been against the annual audit plan of work approved by the Performance and Audit Scrutiny Committee in May 2021.
- 1.3 Based on the work completed to date, we consider that generally the control environment remains good. All audit opinions issued within the period have been 'Good' or 'Reasonable' with no 'Limited' or 'No Assurance' opinions being issued. There are therefore no areas of particular concern to highlight within this report.

## **2. Added value work**

2.1 These are areas that were identified by management and internal audit as likely to benefit from internal audit reviewing relevant arrangements on behalf of management and assisting in making improvements where appropriate.

2.2 Work in this area by the internal audit team has included the following:

### **Property and Parks helpdesk analysis**

2.3 Review of Property and Parks Helpdesk demand information.

### **Low value insurance claims within the Waste service**

2.4 Review and mapping of the insurance claim process.

### **Modern slavery**

2.5 Review of relevant processes and supply chains to understand the areas of risk for the council in respect of modern slavery, and how these risks are managed.

### **Homes England compliance audit support**

2.6 Internal audit support given to preparations for an external audit of Homes England grant funding received.

## **3. Main financial systems and corporate and business area audits**

3.1 These include the audits of the main financial systems that support the running of the council and reviews of systems and processes where the internal controls are tested and evaluated.

### **Treasury management 2021-2022**

3.2 This audit review covered controls relating to the management of the council's short-term and long-term investments with approved organisations to achieve the best possible rate of return. Audit work undertaken resulted in a **good assurance** opinion being given, with no recommendations arising.

### **Disabled facility grant from the Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities)**

- 3.3 This audit was carried out to provide assurance to Suffolk County Council that for the year 2020-2021, disabled facility grant monies have only been used for the purposes specified in the grant conditions. An audit opinion of **good assurance** was given, with no recommendations arising.

### **Council tax billing, housing benefit and local council tax reduction scheme 2020-2021**

- 3.4 This review was commenced in 2020-2021 and completed in 2021-2022 by the West Suffolk Council internal audit team on behalf of all the councils working together as the Anglia Revenues Partnership.
- 3.5 The audit focus was to review and test systems and processes in respect of council tax billing, housing benefits, and the local council tax reduction scheme. An audit opinion of **reasonable assurance** was given.

### **Recovery of council tax and housing benefit overpayments 2020-2021**

- 3.6 Similar to the audit referred to above, this review was commenced in 2020-2021 and completed in 2021-2022 by the West Suffolk Council internal audit team on behalf of all the councils working together as the Anglia Revenues Partnership.
- 3.7 The audit focused on reviewing and testing the systems and processes for the recovery of council tax from final reminder stage, and the housing benefit overpayments system. An audit opinion of **reasonable assurance** was given.

### **Non-domestic rates (NDR) 2020-2021**

- 3.8 This review was commenced in 2020-2021 and completed in 2021-2022 by the East Suffolk Council internal audit team on behalf of all the councils working together as the Anglia Revenues Partnership.
- 3.9 The audit was undertaken to provide assurance on the controls in place within the NDR System, for managing NDR collection from commercial properties. An opinion of **reasonable assurance** was given.

### **ARP enforcement 2020-2021**

- 3.10 This review was undertaken in 2020-2021 and finalised in 2021-2022 by the Fenland District Council internal audit team on behalf of all the councils working together as the Anglia Revenues Partnership.
- 3.11 The audit reviewed internal controls around ARP enforcement systems and activities. An opinion of **good assurance** was given.

## **4. Follow-up audit work**

- 4.1 The follow-up work below has been undertaken to check the extent to which agreed recommendations and actions have been implemented in respect of previous audits undertaken.

### **Confidential waste service**

- 4.2 The audit follow-up review concluded that whilst some actions have been completed a small number of actions remain work in progress.

### **Events management**

- 4.3 This follow up review has confirmed that the remaining action from the original audit report has now been implemented.

### **Health and safety estates**

- 4.4 This review highlighted that although progress has been made on two of the actions agreed in the original audit, some further work is still needed.

### **Heritage assets**

- 4.5 This review highlighted further progress is still required on a couple of actions from the original audit.

### **Transparency and open data**

- 4.6 This follow up review has confirmed that the remaining actions from the original audit report have now been implemented.

## **5. Other significant work**

- 5.1 Other key work undertaken by the internal audit team during the period includes the following

### **Grants to businesses**

- 5.2 Significant internal audit resource has continued to be assigned to support processes in respect of COVID-19 related grants to businesses by:
- contributing to discussions regarding the setting up of systems to check and pay grant applications
  - assisting finance colleagues with preparing records enabling payments to be made
  - performing ongoing checks to reduce fraud and advise on actions necessary where fraud is suspected, or ineligible claims are made

- providing assurance, and carrying out initial investigations where necessary, over payments already made and recommending appropriate recovery action
- completing the required post payment verification work as directed by the Department for Business, Energy & Industrial Strategy

### **Annual governance statement**

- 5.3 Co-ordination of the production of the West Suffolk Annual Governance Statement 2020-2021.

### **National fraud initiative (NFI)**

- 5.4 Internal audit co-ordinates the council's participation in this biennial exercise which matches electronic data within and between public and private sector bodies to prevent and detect fraud.
- 5.5 The current exercise has seen matches being released from January to September 2021. High risk matches are treated as a priority for review with a sample of medium and lower risk matches also reviewed. Recovery has commenced on two errors with a total value of £2,962 identified from these matches.
- 5.6 The current exercise includes matching grant recipient data for business support grants awarded from April 2020 – September 2020; this has provided similar results to the internal post payment assurance work we have been undertaking and has not resulted in any further recovery action being required.
- 5.7 Also, as part of the NFI work a Council Tax Single Person Discount data matching exercise takes place on an annual basis, the current exercise has resulted in recovery action being taken on 77 council tax accounts with a value of £43,207. Preparations are currently underway to collate the data for the upcoming Council Tax Single Person Discount exercise.

### **Anti-fraud**

- 5.8 Communication of fraud alerts to service areas to raise awareness of current threats.

### **Financial vetting**

- 5.9 During the year to date the team has responded to around 25 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the council.

### **Mildenhall hub**

- 5.10 We performed a high level review of arrangements in place for managing the construction phase of the Mildenhall Hub and concluded that these

arrangements were in accordance with guidance issued by the Royal Institute of British Architects.

### **Fee earning work**

- 5.11 Internal audit has continued to undertake fee earning work during 2021-2022 and by the end of the financial year this is likely to result in approximately £13,000 of income being earned. Fee earning work consists of the following:
- audit of the council tax billing and benefits, and overpayments recovery, systems at the Anglia Revenues Partnership (ARP) on behalf of East Cambridgeshire District Council and Breckland Council; and
  - fee earning grant certification work for the New Anglia Local Enterprise Partnership (NALEP) to provide assurance to the Department for Business Innovations and Skills that the conditions of relevant grants have been complied with.

### **Restart grant (April 2021 – July 2021)**

- 5.12 Audit work in support of a declaration that the relevant conditions of this grant have been complied with.

### **Arts Council grants**

- 5.13 Review and certification of relevant income and expenditure in respect of COVID-19 related grants received from the Arts Council.

### **Income compensation scheme for lost sales, fees, and charges**

- 5.14 Review of the council's claim to the Ministry of Housing, Communities & Local Government (MHCLG) for compensation for irrecoverable and unavoidable losses, as a result of the pandemic, from sales, fees and charges income generated in the delivery of services, covering the period December 2020 to March 2021.

### **Other**

- 5.15 Ongoing advice and guidance provided to service areas.

## **6. Work in progress**

6.1 There are also a number of audits and added value reviews in progress as follows:

- council tax billing, housing benefit and local council tax reduction scheme 2021-2022 audit
- recovery of council tax and housing benefit and housing benefit overpayments 2021-2022 audit
- non-domestic rates 2021-2022 audit (undertaken by East Suffolk Council)
- ARP enforcement 2021-2022 audit (undertaken by Fenland District Council)
- car parks cash handling audit
- procurement value for money added value review
- temporary accommodation costs
- West Stow Anglo Saxon Village Trust accounts 2020-2021 independent examination
- Green Homes grant from the Department for Business Energy and Industrial Strategy – audit work is required to support a declaration that the conditions of the grant have been complied with