



Internal Audit Mid-Year Progress Report 2022 to 2023

Introduction

The purpose of this report is to:

- provide a flavour of the work undertaken by the internal audit team during the period May 2022 to October 2022
- highlight any areas of concern arising from that work
- advise on progress against the 2022-2023 audit plan

1. Overview

- 1.1 As further detailed below, during the period we have performed a variety of work including the following:
- completed five added value reviews, six audits, and eight follow up audits
 - continued to dedicate significant internal audit resource to support processes regarding 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
 - there are also a number of audits, and other work, in progress
- 1.2 Overall, we consider that reasonable progress has been made against the annual audit plan of work approved by the Performance and Audit Scrutiny Committee in May 2022.
- 1.3 Based on the work completed to date, we consider that generally the control environment remains robust. 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. The majority of the areas below involve internal audit contributing to a larger piece of work and where that is the case specific conclusions are not drawn.

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

Highways processes

2.3 An exercise to document highways processes so that appropriate improvements can be designed and planned for.

Virtual parking permits

2.4 Internal audit support was provided to a piece of work to review the council's existing parking permit processes with a view to the council moving away from paper-based parking permits and how this could be taken forward.

Residential housing properties

2.5 An exercise to bring together into a single document a comprehensive and detailed list of information and data in respect of the council's residential housing properties, to assist asset management requirements.

Helpdesk analyses

2.6 Review of type and frequency of demand going through helpdesks.

Use of social media to support investigations

2.7 This review looked at whether staff understand and act in accordance with existing guidance around the use of social media in investigations, and whether that guidance is sufficient. The review concluded that staff are acting in accordance with guidance but that further training would be useful in this area.

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 2022-2023

- 3.2 This audit 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 Department for Levelling Up, Housing and Communities

- 3.3 This audit was carried out to provide assurance to both West Suffolk Council and Suffolk County Council that for the year 2021-2022, the conditions of the disabled facility grant allocated to, and spent by West Suffolk Council, have been complied with. An audit opinion of **good assurance** was given, with no recommendations arising.

Procurement cards

- 3.4 An audit was undertaken to confirm that corporate procurement cards are used in accordance with guidance, expenditure is monitored and approved appropriately, best value is achieved, and the risk of fraud is minimised. The main recommendation from this audit was the need to review and reissue guidance to card holders, including to further clarify circumstances in which these cards should be used. An opinion of **reasonable assurance** was given.

Civil parking enforcement

- 3.5 A risk-based audit was undertaken to provide assurance that the systems in place in respect of civil parking enforcement (CPE) are operating as intended. Recommendations arising revolved around the need to further investigate options for recording the reasons for spoilt or cancelled penalty charge notices, and to continue to make further improvements in processes around recovering outstanding penalty charge notice payments. An opinion of **reasonable assurance** was given.

VAT

- 3.6 An audit was carried out to review the adequacy of the arrangements for compliance with VAT rules, including VAT returns to HMRC. No audit findings or recommendations were made, and an opinion of **good assurance** was given.

Geographic information system

- 3.7 The geographic information system (GIS) is a computer system for capturing, storing, checking, integrating, manipulating, analysing, sharing and displaying geographically referenced data and also feeds into the 'Find My Nearest' service provided to the general public. This review was undertaken to provide assurance that the system continues to support the council's business needs. Recommendations arising focused on the need for guidance to be created for ICT staff to undertake tasks on the system in case of absence of the GIS Officer, and for further consideration to be given to review and update of data on the system. An opinion of **reasonable 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 This review highlighted that progress against one action from the original audit remains outstanding, regarding the tendering of the contract for the confidential waste supplier.

Houses in multiple occupation (HMOs)

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

Heritage assets

- 4.5 This review highlighted that the remaining actions from the original audit report have now been implemented.

Civic regalia

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

Health and safety lone working

- 4.7 This review highlighted that the remaining actions from the original audit report have now been implemented.

Payment card standards

- 4.8 This review highlighted that one action arising from the original audit remains to be fully completed, this being regarding the need to ensure that all relevant staff undergo regular training and that this can be evidenced.

Community chest grants

- 4.9 This review highlighted 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 ongoing work to support processes in respect of COVID-19 related grants to businesses, specifically:
- post payment assurance work undertaken at the request of the Department for Business, Energy and Industrial Strategy – no concerns were raised;
 - monitoring of recovery – in respect of businesses which were identified post-payment as not being eligible for the grant payments received; and
 - fraud – providing the necessary information as requested by the National Investigation Service (NATIS) regarding national organised crime activity related to COVID-19 business grants.

Other grants assurance work

- 5.3 Community Outbreak Management Fund – positive assurance was provided to Suffolk County Council that the funds issued to West Suffolk Council to manage and control the outbreak of COVID-19 in the community have been spent in accordance with the conditions of the grant.
- 5.4 Test and Trace Support Payment Scheme Funding Grants – positive assurance was provided to the Government over the process and payment of self-isolation payments in support of people on low incomes who have been directed to self-isolate and are unable to work from home and will lose income as a result; and
- 5.5 Contain Outbreak Management Fund – positive assurance was provided to the Government that the expenditure incurred was used appropriately to mitigate against and manage local outbreaks of COVID-19.

Annual governance statement

- 5.6 Co-ordination of the production of the West Suffolk Annual Governance Statement 2021-2022. This Annual Governance Statement will be presented to the Performance and Audit Scrutiny Committee for approval along with the council's 2021-2022 Statement of Accounts.

National fraud initiative (NFI)

- 5.7 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.
- 5.8 Currently, the team has prepared for the biennial exercise, coordinating the extract of data and ensuring this is quality checked, complies with the specification and uploaded to the NFI site as per the timetable. Ongoing review of NFI matches already released is undertaken, including liaising with the ARP Fraud Team.

Anti-fraud

- 5.9 Communication of fraud alerts to service areas to raise awareness of current threats.
- 5.10 Review of fraud arrangements through completion of fraud checklists and risk assessments.

Financial vetting

- 5.11 During the year to date the team has responded to around 30 requests for financial vetting or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the council.

Fee earning work

- 5.12 Internal audit has continued to undertake fee earning work during 2022-2023 and by the end of the financial year this is likely to result in approximately £10k of income. This work consists of the 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.

Mildenhall Hub

- 5.13 We performed a high level review of the external project manager's report on the final account and concluded that information and conclusions contained within that report were robust.

Welcome back fund - European Regional Development Fund (ERDF)

- 5.14 Funding was received as part of the wider support government provided to communities and businesses to protect jobs, support the most vulnerable, support the safe return to high streets and help build back better from the pandemic. Work was undertaken by the internal audit team to review the expenditure claims made by the council, and advise on the supporting evidence required and compliance with the expenditure to reduce the risk of financial clawback.

Council tax energy rebate

- 5.15 As part of its targeted response to rising energy bills, the government introduced a £150 council tax rebate, providing a payment of £150, by 30 September, to eligible households living in council tax bands A to D. In addition to the main scheme, discretionary funding was also provided to support households suffering financial hardship as a result of rising energy bills, payments to households meeting the criteria set locally are to be made by 30 November.

ARP administer the scheme on behalf of the council and internal audit support was provided to ARP with the pre-payment check service requirements. Internal audit will also be involved in the assurance exercise requested by Department for Levelling Up, Housing and Communities when both schemes have closed.

COVID additional relief fund (business rate relief)

- 5.16 This fund was made available by the Government to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates. Internal audit work included undertaking pre-award checks on larger businesses to assist in identifying if subsidy levels have been exceeded and to confirm the business is still solvent. The scheme is mainly administered by ARP.

Other

- 5.17 Ongoing advice and guidance provided to service areas.

6. Work in progress

6.1 There are also a number of audits and other work, in progress as follows:

- council tax billing, housing benefit and local council tax reduction scheme 2022-2023 audit
- recovery of council tax and housing benefit overpayments 2022-2023 audit
- non-domestic rates 2022-2023 audit (undertaken by East Suffolk Council)
- ARP enforcement 2022-2023 audit (undertaken by Fenland District Council)
- general ledger 2022-2023 audit
- staff travel and subsistence audit
- staff gifts and hospitality and declarations of interests follow up audit
- West Stow Anglo Saxon Village Trust 2021-2022 accounts independent examination
- Green Homes Grant from the Department for Business, Energy and Industrial Strategy – audit work to support a declaration that the conditions of the grant have been complied with
- Suffolk Business Park Advanced Manufacturing and Engineering Units – Gateway 1 project assurance

7. Audit opinion definitions

7.1 Audit opinion and risk definitions in respect of the main financial systems and business area audits are set out in the table below.

Audit opinion definitions

| Assurance | Definition |
|---------------------|---|
| Good | <p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p> <p>No significant (medium risk) or fundamental (high risk) issues have been raised.</p> <p>An audit opinion of 'good' assurance will only be issued where sufficient relevant, reliable and timely evidence has been subject to recent audit review or testing.</p> |
| Reasonable | <p>There is a generally sound system of governance, risk management and control in place.</p> <p>Some significant (medium risk) issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited; or</p> <p>Sufficient relevant, reliable and timely evidence may not be available and/or may not have been subject to recent audit review or testing to justify a 'good' opinion.</p> |
| Limited | <p>Fundamental (high risk) and/or significant (medium risk) gaps, weaknesses or non-compliance were identified, and improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited; or</p> <p>Sufficient relevant, reliable and timely evidence may not be available and/or may not have been subject to recent audit review or testing to justify a 'reasonable' opinion.</p> |
| No Assurance | <p>Immediate action is required to address fundamental (high risk) and significant (medium risk) gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited; or</p> <p>Sufficient relevant, reliable and timely evidence may not be available and/or may not have been subject to recent audit review or testing to justify a 'limited' opinion.</p> |

Note: audit opinions are

- evidence-based and levels of assurance awarded take into account not just control issues or risks raised, but also the adequacy of evidence which has been subject to audit review and testing, and are
- subject to the professional judgement of the Service Manager Internal Audit

Risk definitions

| Risk | Definition |
|---------------|---|
| High | A fundamental control process, or statutory obligation, creating the risk that significant fraud, error or malpractice could go undetected. |
| Medium | A control process that contributes towards providing an adequate system of internal control. |
| Low | These issues would contribute towards improving the system under review. |