

# Internal Audit Annual Report 2023 to 2024



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This report has been prepared solely for the use of councillors and management of West Suffolk Council. Details may be made available by internal audit to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose. The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements, or were not brought to our attention.

## 1. Introduction

- 1.1 West Suffolk Council is responsible for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. Internal audit plays a vital role in providing independent risk-based and objective assurance and insight on how these arrangements are working. Internal audit forms part of West Suffolk Council's assurance framework.
- 1.2 Council services recognise that while they may be delivering a good service they can always improve or look for best practice. They will therefore often proactively engage with internal audit to help achieve this and therefore audit activity in service areas demonstrates the council's culture of continuous improvement.
- 1.3 The purpose of the Internal Audit Annual Report is to meet the Service Manager Internal Audit's annual reporting requirements as set out in the Public Sector Internal Audit Standards (the 'Standards') which govern how internal audit teams operate in the public sector, and the Accounts and Audit Regulations 2015. In particular to:
- include an opinion on the overall adequacy and effectiveness of the council's governance, risk, and control framework, and therefore the extent to which the council can rely on it
  - inform how the audit plan was discharged and the overall outcomes of the work undertaken that supports the annual audit opinion
  - include a statement on conformance with the Standards and the results of the internal audit quality assurance processes
  - draw attention to any issues particularly relevant to the council's annual governance statement.
- 1.4 The Service Manager Internal Audit is responsible for effectively managing the internal audit activity in accordance with the Standards, which are mandatory, and encompass the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards themselves.
- 1.5 New Global Internal Audit Standards (GIAS) were published in January 2024 with implementation required in the public sector by April 2025. These new Standards will govern how internal audit teams operate in both the public and private sector. For the year 2023 to 2024 internal audit work was completed to comply with the Public Sector Internal Audit Standards, for subsequent years we will be following the Global Internal Audit Standards.
- 1.6 In the coming months, following further expected guidance from the Institute of Internal Auditors and the Chartered Institute of Public Finance and Accountancy, we will be working towards implementation of these new Standards. This further guidance is expected to include a checklist which we will use to measure current compliance with the GIAS and consider what further work is needed to achieve compliance by 1 April 2025.

- 1.7 An update on progress towards implementing the new Global Internal Audit Standards will be presented to the Performance and Audit Scrutiny Committee in November 2024 as part of the Internal Audit Mid-Year Progress Report 2024.

## **2. Annual opinion**

### **Performance against the approved audit plan**

- 2.1 All of the work included in the approved 2023 to 2024 audit plan has been completed, with the exception of the planned review and update of the Internal Audit Charter. This review has been delayed due to the expected guidance based on the new Global Internal Audit Standards not yet being released. When the guidance is available our Charter will be reviewed and revised as necessary and presented to the Performance and Audit Scrutiny Committee for approval.
- 2.2 We consider that sufficient work has been undertaken in support of the annual audit opinion as set out below.

### **How the annual audit opinion has been formed**

- 2.3 The main sources of assurance contributing to the 2023 to 2024 audit opinion are those gained from the audit work carried out during the year which is detailed in the sections below including:
- audit work under each audit opinion category
  - added value work
  - work on the 2023 to 2024 Annual Governance Statement including review of the assurance framework
  - grant assurance work
- 2.4 Assurances can also be gained from the following sources:
- counter-fraud work as set out in our Annual Fraud Report 2023 to 2024 at **Appendix B**, including consideration of the circumstances around the bank mandate fraud and failed fraud attempts covered in that appendix
  - consideration of committee and other reports for any areas affecting governance, risks, or controls
  - attendance at officer working groups and managers meetings to understand current risks and actions being taken
  - audit knowledge of council processes and initiatives
  - internal audit seeks to comply with the Public Sector Internal Audit Standards. We have established quality working procedures including review mechanisms for work undertaken, and annual self-assessment of adherence to these procedures. An external assessment carried out in March 2023, the full report of which was reported to the Performance and Audit Scrutiny Committee in June 2023, confirmed that we do comply with the Standards.

- assurances received from external parties – these include IT accreditations for example confirmation of compliance with the National Cyber Security Centre’s Cyber Essentials and Cyber Essentials Plus schemes which help to guard the council against cyber-attack.

## Audit opinion definitions

|                                    |   |
|------------------------------------|---|
| <p><b>Good assurance</b></p>       | <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>        |
| <p><b>Reasonable assurance</b></p> | <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>                                 |
| <p><b>Limited assurance</b></p>    | <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>             |
| <p><b>No assurance</b></p>         | <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

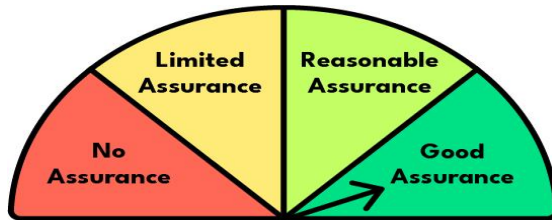
| <b>Risk</b>   | <b>Definition</b>   |
|---------------|---|
| <b>High</b>   | A fundamental control process, or statutory obligation, creating the risk that significant fraud, error or malpractice could go undetected. |
| <b>Medium</b> | A control process that contributes towards providing an adequate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

- 2.5 In order to make the annual audit opinion informative and transparent, the opinion has been split into the four constituent elements of governance, risk, internal control, and financial control, and a specific conclusion drawn on each.
- 2.6 It should be noted that an opinion of 'reasonable assurance' for any of the four opinion elements should be interpreted as a good result and indicates that in general controls and processes are fit for purpose and working well, while recognising that there are opportunities for further improvements.
- 2.7 We have also included a direction of travel (see below) for each element of the audit opinion to highlight our view of whether the adequacy and effectiveness of arrangements has changed compared to the previous year.

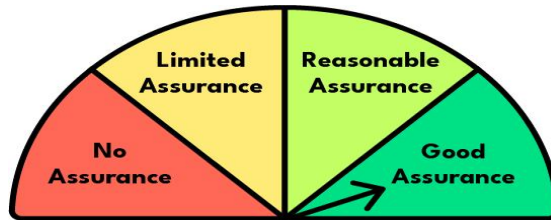
### Annual opinion

2.8 For the twelve months ended 31 March 2024, based on the work undertaken and information from any other sources of assurance as explained above, the Service Manager Internal Audit’s opinion on the adequacy and effectiveness of West Suffolk Council’s arrangements for governance, risk, internal control and financial control is as set out below.

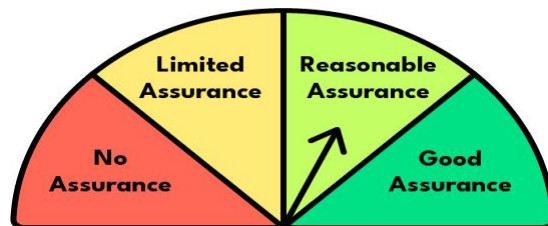
#### Governance



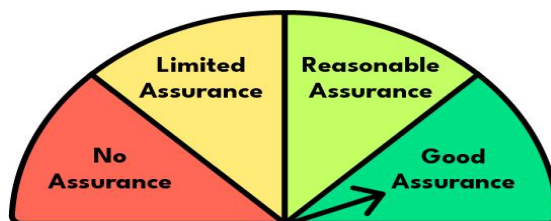
#### Risk



#### Internal Control



#### Financial Control





## Governance

- 2.9 Governance comprises the systems, processes, culture, and values by which West Suffolk Council is directed and controlled and through which it accounts to, engages with, and where appropriate, leads its communities.
- 2.10 Each year local authorities are required to reflect on how their governance arrangements have worked, identifying any significant governance issues that should be drawn to the attention of the public, in the interests of accountability and transparency. This results in the production of an annual governance statement.
- 2.11 Work on the 2023 to 2024 West Suffolk Annual Governance Statement (AGS) is at an advanced stage, and no significant governance issues are expected to be disclosed for the period to 31 March 2024.
- 2.12 The bank mandate fraud previously reported to this committee in November 2023, with further details provided in January 2024, and summary details in the Internal Audit Annual Fraud Report 2024, has also been referred to in the AGS. Actions have been taken to ensure the risk of any similar future frauds is minimised and this demonstrates the council's zero tolerance to fraud.
- 2.13 The Performance and Audit Scrutiny Committee helps to ensure that governance arrangements are working effectively through considering reports that come before them, including consideration and approval of the AGS.
- 2.14 **Governance opinion.** Governance arrangements continue to be robust and the opinion remains the same as for 2022 to 2023 and is assessed as **good assurance**.

## Risk

- 2.15 Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing quality, cost, and affordability. This puts us in a stronger position to deliver our goals and provide excellent services.
- 2.16 Work during the year in this area on which the annual audit opinion on risk is based, included:
- carrying out an audit on the identification and management of operational risks within services to provide assurance that operational risks are being effectively managed in support of the achievement of organisational objectives. The audit concluded that the services have a good awareness of their current and emerging operational risks and appropriate responses to these risks are chosen. An audit opinion of **reasonable assurance** was given, and only one audit recommendation was raised, that being that a standardised approach to recording and monitoring of risks within operational service areas be adopted. This was agreed by management and a follow up audit was subsequently undertaken at a later date to monitor the successful implementation of this recommendation. The follow up audit noted that a plan was in place to implement this recommendation by the end of May 2024, and subsequent discussions have identified that significant progress has been made to achieve this.

- consideration of the adequacy of risk management around council projects as part of internal audit's ongoing project assurance work.
- attending the Strategic Risk Management Group meetings during the year to gain assurance over, and feed into as necessary, the strategic risk management process. This has included a review of the strategic risk register in the context of how risks are rated and assessed, and an initial update to the Risk Management Toolkit which provides a framework for identifying, assessing and rating risks. The Risk Management Group has also benchmarked our recording and reporting of risks with a number of other councils.
- The conclusion drawn from the above work was that risk management arrangements for projects and strategic risks are effectively managed, clearly evidenced, and have continued to operate as expected during the period. An opinion of **good assurance** would therefore be appropriate for these elements of the council's risk management.
- ongoing audit consideration of management's approach to, and mitigation of, risk as an integral part of all our audit work, and awareness of management activities.
- consideration of relevant reports presented to Leadership Team.

2.17 **Risk opinion.** The opinion is assessed as **good assurance**. This is an increase in the assurance level awarded compared to 2022 to 2023 when a reasonable assurance opinion was given.

### **Internal control**

2.18 This takes into account the outcomes of our work during 2023 to 2024. As our audit plans include different activities each year assurance may vary from year to year. However, the assurance level still gives insight into the council's control environment.

2.19 Results of the 2023 to 2024 reviews were as follows:

- Anglia Revenues Partnership Enforcement – this audit was undertaken by the East Suffolk Council internal audit team on behalf of the five councils working together as the Anglia Revenues Partnership. A number of actions have been raised including controls over system access, payment collections, enforcement and monitoring arrangements. An opinion of **reasonable assurance** was given.
- Disabled facility grant from the Department for Levelling Up, Housing and Communities – this audit was carried out to provide assurance to both West Suffolk Council and Suffolk County Council that for the year 2022 to 2023, 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.
- Council tax billing, housing benefit and local council tax reduction scheme - this audit was undertaken by the West Suffolk Council internal audit team

on behalf of the five councils working together as the Anglia Revenues Partnership. A number of recommendations were made and covered areas such as controls over discounts and exemptions, credits and refunds, and systems access. An opinion of **reasonable assurance** was given.

- Recovery of council tax and housing benefit overpayments - this audit was undertaken by the West Suffolk Council internal audit team on behalf of the five councils working together as the Anglia Revenues Partnership. No new recommendations were made, however some recommendations from the previous audit remained to be completed including improving the timeliness of authorising write-offs. An opinion of **reasonable assurance** was given.
- Non-domestic rates (NDR) – this audit was undertaken by the East Suffolk Council internal audit team on behalf of the five councils working together as the Anglia Revenues Partnership. Most systems reviewed were functioning adequately, with only a small number of actions agreed including timeliness of write-offs and evidencing of reconciliations to usefully improve arrangements further. An audit opinion of **reasonable assurance** was given.
- Private water supplies - this was the first time this area had been audited and was undertaken to provide assurance that the council is discharging its obligations, with regard to the private water supplies regulations. This audit review was given a **reasonable assurance** opinion, and a few actions were raised including relating to inspections, data quality and record keeping, and monitoring arrangements.
- Control of ICT assets - ICT are responsible for the purchase and issuing of the ICT equipment within the council, this includes, but is not limited to, laptops, iPhones, monitors and tablets. A **reasonable assurance** opinion was given. Inventory processes and arrangements for secure storage of ICT assets were found to be well managed, a small number of actions were agreed relating to increasing awareness around procedures and the leavers process.
- Confidential waste service follow up audit – 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. A new target date has been set whereby management have agreed to a formal quotation procedure being undertaken before the current agreement expires in June 2024.
- Payment card industry data security standards follow up audit – this review has confirmed that the remaining action from the original audit report has now been closed off due to processes now being in place to capture training, and ongoing improvement is being seen. A compliance review of the training records will be incorporated into periodic audit work.
- Geographic information system (GIS) follow up audit - this review confirmed that one action had been completed whilst the remaining action, relating to review and management of data on the GIS system, remains outstanding. A new GIS Officer is now in place and has been tasked with addressing this action.

- Tree Management and Inspections follow up audit – this review has confirmed that the remaining actions from the original audit report have all now been implemented.
- Procurement Cards follow up audit – this review confirmed guidance and terms of use have been revised but has yet to be issued to card holders, and a new target date has been agreed for this action.
- Civil Parking Enforcement follow up audit – this review confirmed that two out of the four agreed actions had been completed, the remaining two revolving around actions in respect of the service level agreement.

2.20 **Internal Control opinion.** The opinion remains the same as for 2022 to 2023 and is assessed as **reasonable assurance**.

### Financial control

2.21 Our audit work includes providing assurance over our key financial systems. This work is also of particular interest to the external auditor when planning and performing their audit of the council's annual statement of accounts.

2.22 During the year the following reviews were carried out and opinions issued:

- Treasury management – 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.
- General ledger – this audit was undertaken to provide assurance that financial transactions are correctly recorded including ensuring their completeness and integrity, to provide a robust basis for managing the council's finances including preparation of the council's annual statement of accounts. A **good assurance** opinion was given and one action was agreed where unallocated funds within the suspense account and variances within the bank reconciliations need to be promptly investigated and corrected.
- Payroll – the audit covered controls focusing on starters, leavers, amendments, overtime and system access. A **good assurance** opinion was given, no actions were raised, and there were no actions to follow up from the previous audit.
- Car parks cash handling – this audit was carried out to provide assurance that effective controls are in place over car parking cash collection, retention and banking systems. A **good assurance** opinion was given with two actions agreed, including clear recording of coinage that has not been recognised by the parking cash machines.
- Creditors – this audit was undertaken to provide assurance that payments made are valid, authorised, accurate and timely, in respect of goods and services received by the council. A **reasonable assurance** opinion was given with a small number of actions agreed, including that Finance Business Partners work with their respective services to remind them of the need to raise orders at the point of ordering.

- Debtors – an audit review was carried out, with the focus on raising of invoices and credit notes, data quality and debt recovery, and the follow up of actions from the previous year’s audit in respect of write-offs and debt reporting. A **reasonable assurance** opinion was given. A small number of actions were agreed, the main action being reminding and working with services as to their responsibilities around debt recovery.
- VAT – an audit was undertaken to provide assurance that VAT returns are correctly reconciled and balanced. No recommendations were raised within the report and a **good assurance** opinion was given

2.23 **Financial Control opinion.** The opinion remains the same as for 2022 to 2023 and is assessed as **good assurance**.

2.24 In arriving at the opinions above, consideration has been given to the circumstances around the bank mandate fraud. In particular, it has been recognised that the control environment is generally good and the council has not previously been defrauded in this way. Also, although extremely disappointing this was a fraud which was made possible by the particular circumstances in play, and swift action was taken to minimise the risk of any such fraud in the future. The effectiveness of this action was confirmed by subsequent audit work, including work most recently undertaken between April and May 2024 which confirmed that controls are operating as intended.

### **3. Scope of our work, any restrictions on this scope, organisational independence, and non-audit roles**

3.1 Our risk-based 2023 to 2024 internal audit plan, approved by the Performance and Audit Scrutiny Committee in June 2023, was prepared taking into account the critical activities and key risks to support the basis of the annual internal audit opinion.

3.2 The work of internal audit supports the delivery of all the council’s priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds. The achievement of corporate priorities is dependent on the council making efficient and effective use of its resources and in operating robust and transparent governance arrangements. The audit plan sets out a series of risk-based work that will provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the council’s priorities.

3.3 Where issues have been raised as a result of audit work undertaken actions have been agreed with management to address any findings raised. Progress against these actions, where not already followed up in 2023 to 2024, will be followed up by internal audit as part of our 2024 to 2025 work plan. For the main financial systems audits, which are undertaken every year, agreed actions will normally be followed up as part of the following year’s audit. In respect of other audits, agreed actions will be followed up after the agreed target dates for that audit have been reached.

- 3.4 In carrying out our work we identified no unexpected restrictions to the scope of our work. Also, we have not experienced any impairment to our independence or objectivity during the conduct and delivery of the 2023 to 2024 audit plan.
- 3.5 The Public Sector Internal Audit Standards require internal audit to confirm to the Performance and Audit Scrutiny Committee at least annually the organisational independence of the audit activity. Internal audit effectively achieves this through the Performance and Audit Scrutiny Committee's involvement in the following:
- approval of the risk-based internal audit plan
  - receiving communications from the Service Manager Internal Audit on internal audit activity relative to the audit plan and other matters
  - approval of the internal audit charter - this formally defines our statutory role, responsibility, status and authority within the council - as and when required.
- 3.6 The Standards require specific safeguards to be in place where the Service Manager Internal Audit has responsibilities for matters beyond internal auditing. The most significant ongoing area relevant to us is in respect of financial due diligence work, mainly undertaken by the Service Manager Internal Audit. Should any independence issues arise in relation to this or any other of our work the matter would be referred to the Section 151 Officer.

## 4. Added value work

- 4.1 These are pieces of work identified by management and internal audit which are designed to provide support or advice to management including reviewing relevant arrangements on behalf of management and assisting where appropriate in making improvements. The nature of this work means that it will not always result in a report being issued.

Added value work carried out during the year included the following:

### **Budget monitoring**

- 4.2 This work was carried out to provide assurance over the adequacy and effectiveness of the council's budget monitoring arrangements. A number of suggested improvements were made in relation to budget responsibilities, monitoring, and reporting, including the production of guidance for staff to refer to around monitoring and reviewing budgets; and consideration of whether further improvements could be made to budget monitoring reports sent to each service.

### **Ordering and stock control (workshop and depot)**

- 4.3 This piece of audit work focused on a review of stock control regarding workshop spare parts, tools, equipment, refuse bins purchases and fuel. A number of actions for improvement were suggested, including a more corporate approach could be considered for procurement opportunities within the Operations Directorate; and service level agreements and contracts with

external customers should include an annual review of prices to take into consideration inflation.

### **Software as a Service (SaaS)**

- 4.4 This audit work considered how Software as a Service (SaaS) is currently procured and aimed to provide advice to strengthen the current process. The main output from this piece of work was to produce a draft guidance document offering advice to help service areas who are responsible for procuring their own software.

Note: Software as a Service (SaaS) is a method of software delivery and licensing in which cloud-based software is purchased via a subscription and accessed via the internet rather than bought and installed on on-premise server hardware.

### **Performance Management**

- 4.5 A change in the reporting of performance management occurred in quarter four of 2021 to 2022 – this refreshed the indicator set, changed the route through the organisation and the way performance is displayed, removed most targets and 'Red Amber Green' (RAG) ratings, and provided comparisons with previous years. Our review, which aimed to confirm that the appropriate data is being used to report on, concluded that the services do use the reported data to improve performance, and no fundamental issues were identified including no concerns over data quality for the sample of KPIs reviewed.

### **Payroll IT System Migration**

- 4.6 We undertook a piece of work to review the planning and managing of the project for moving the payroll IT system to a cloud based solution. The project was found to have been delivered on time, with the transfer of the data having gone well.

### **Change and service improvement programme**

- 4.7 We have continued to provide capacity and skills into the corporate change and service improvement programme. This has included undertaking work within the Cemeteries, Licensing, and Property Helpdesk service teams to analyse demand and processes, to inform service improvements, redesign and efficiencies. A separate report on the outcomes of the change and service improvement work was produced, and considered by the Leadership Team and Senior Management Team.

## **5. Fee earning work**

- 5.1 Internal audit has continued to undertake fee earning work during 2023 to 2024 which brings in approximately £11k 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.

## 6. Other significant work

6.1 Other key work undertaken during 2023 to 2024 included:

### **Annual governance statement**

6.2 Feeding into the production of the West Suffolk Annual Governance Statement 2022 to 2023, and commencement of work on the 2023 to 2024 statement.

### **Financial due diligence**

6.3 During the year internal audit responded to 28 requests for financial due diligence or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the council.

### **Grant assurance work**

- 6.4 Energy Bills Support Scheme Alternative Funding (EBSS AF). A package of energy bills support was provided by the Government to support eligible recipients for meeting costs related to the use of energy in 2022 to 2023. The Energy Bills Support Scheme (EBSS) provided a discount on energy bills of £400 for most households and was delivered through domestic electricity suppliers. However there are a number of households who pay for their electricity in a different way, such as through a commercial intermediary and have not received support through the EBSS. The EBSS AF provided a non-repayable payment of £400 to eligible households who did not receive the main EBSS payment automatically. This scheme was jointly administered by the Department for Energy Security and Net Zero (DESNZ) and the Anglia Revenues Partnership on behalf of West Suffolk Council, with payments being made by the West Suffolk Council finance team. Internal audit carried out a high-level review to provide assurance of the process to issue the payments; there were no issues to report.
- 6.5 Alternative Fuel Payment (AFP). In autumn 2022, the Government announced the AFP scheme. The AFP provides £200 of support for households who did not automatically receive support through their energy supplier as, for example, they do not have a direct relationship with the supplier or do not have a gas connection. The scheme targets households that use alternative fuels as the main source of heating such as heating oil, bottled gas, liquid petroleum gas, wood or other solid fuel to heat their homes. This scheme was jointly administered by the Department for Energy Security and Net Zero (DESNZ) and Anglia Revenues Partnership on behalf of West Suffolk Council, with payments being made by the West Suffolk Council finance team. Internal audit carried out a high-level review to provide assurance of the process to issue the payments; there were no issues to report.
- 6.6 Green Homes Grant (Home Upgrade Grant). This was a Government scheme to help homeowners and landlords in England cover the cost of certain energy saving home improvements. Internal audit provided positive assurance to the Department for Energy Security & Net Zero (DESNZ) that the grant conditions have been complied with.
- 6.7 UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF).



The Department for Levelling Up, Housing and Communities (DLUHC) have awarded funds to support implementation of its Levelling Up White Paper, known as the UK Shared Prosperity Fund (UKSPF). The Government's stated aim for the fund is to build pride in place and increase life chances across the UK. This fund of £1.9m for the council is to provide funding to public or private organisations, procure services or in house provision for the period 2022 to 2025.

Additional funding, of £753.7k through the Rural England Prosperity Fund (REPF) which is an addendum to the UKPSF) has also been received. This provides capital funding to help address the extra needs and challenges facing rural areas.

Ongoing work by internal audit continues to provide assurance that the council has in place the processes to ensure proper administration of the financial affairs relating to the funds to enable routine sign off by the S151 Officer.

### **COVID-19 related grants**

- 6.8 Internal audit resource has continued to be assigned to ongoing work to support processes in respect of COVID-19 related grants to businesses, by:
- monitoring the recovery of monies in respect of businesses which were identified post-payment as not being eligible for the grant payments received. For ineligible grant payments where the council has followed the recovery procedures as required by the Department of Business and Trade (formally BEIS) but has been unsuccessful in recovery, the debts have been passed to the Department of Business and Trade to collect;
  - providing the necessary information as requested by external organisations, including Government departments.
- 6.9 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 were spent in accordance with the conditions of the grant.
- 6.10 Test & Trace 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.

### **National Fraud Initiative (NFI) and other proactive anti-fraud work**

- 6.11 Internal audit co-ordinates the council's participation in this biennial exercise, run by the Cabinet Office, which matches electronic data within and between public and private sector bodies to prevent and detect fraud.
- 6.12 Internal audit also communicates fraud alerts to service areas to raise awareness of current threats.
- 6.13 Further information on both of the above can be found at **Appendix B**.

**West Stow accounts**

- 6.14 Similar to previous years, internal audit act as the appointed Independent Examiner of the West Stow Anglo Saxon Village Trust 2022 to 2023 accounts. There were no matters of concern.

**Other**

- 6.15 Ongoing advice and assistance provided to service areas and the S151 Officer.

**7. Quality assurance**

- 7.1 We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (the 'Standards'). We continually focus on delivering high quality audits, seeking opportunities to improve where we can.
- 7.2 We are committed to training and developing internal audit staff, with training provision continually reviewed through the appraisal process and regular one-to-one meetings.
- 7.3 The Standards require that internal audit 'must develop and maintain a 'quality assurance and improvement programme' that covers all aspects of the internal audit activity'. This quality assurance and improvement programme is designed to check internal audit's conformance with the Standards and the profession's code of ethics and also assess its efficiency and effectiveness and identify any areas for improvement.
- 7.4 Currently, West Suffolk Council's internal audit quality assurance and improvement programme consists of the following elements:
- an external assessment to independently assess compliance with the Standards every five years. An external assessment of internal audit was conducted in March 2023, with very positive results, including confirming that the team complies with the Standards;
  - a quality review process is undertaken for each individual audit. These reviews examine all areas of the work undertaken, from initial planning through to completion and reporting;
  - customer satisfaction questionnaires are issued with audit reports for completion by the service area subject to audit; and
  - quality assurance checks by the internal audit team to ensure the Standards are consistently followed.
- 7.5 We aim to comply with the Standards and the Institute of Internal Auditors Code of Ethics in all our work and we are not aware of any significant areas of non-conformance.

## 8. Performance against key indicators

8.1 Internal audit's performance is measured and monitored throughout the year using a range of indicators.

8.2 Performance against relevant indicators is summarised below:

| Performance indicator   | 2021 to 2022 | 2022 to 2023 | 2023 to 2024                   |
|---|--------------|--------------|--------------------------------|
| Percentage completion of Priority 1 work within the approved Audit Plan                     | 93%          | 97%          | 100%                           |
| High risk actions implemented or satisfactory/reasonable progress made by target date       | 100%         | 100%         | No high risk actions in period |
| Average number of days from fieldwork completion to issue of draft report                   | 5 days       | 2 days       | 5 days                         |
| Average number of days from receipt of final management comment to issue of final report    | 6 days       | 2 days       | 2 days                         |
| Percentage of satisfactory (or better) ratings received from customers on individual audits | 100%         | 100%         | 100%                           |

## 9. Glossary of terms

**Significance:** the relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

**Internal audit annual opinion:** the Service Manager Internal Audit's view, based on internal audit work undertaken and any other relevant assurances, of the adequacy and effectiveness of the council's arrangements for governance, risk and control.

**Governance:** governance comprises the arrangements (including political, economic, social, environmental, administrative, legal, and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

**Risk:** the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

**Control:** any action taken to manage risk and increase the likelihood that established objectives and goals will be achieved.

**Impairment:** impairment to objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations.