

# South Norfolk Finance, Resource, Audit and Governance Committee

Friday, 14 July 2023 at 10.00 am

## Supplement Papers

Agenda No.	Item	Page
7.	Head of Internal Audit's Annual Report and Opinion for 2022/23	(Pages 2 - 14)
9.	Internal Audit - Progress and Follow Up	(Pages 15 - 31)

Jessica Hammond, tel (01508) 505298

Email: [committee.snc@southnorfolkandbroadland.gov.uk](mailto:committee.snc@southnorfolkandbroadland.gov.uk)

Website: <http://www.southnorfolkandbroadland.gov.uk/>

# Agenda Item 7

## Eastern Internal Audit Services



### SOUTH NORFOLK COUNCIL

#### Annual Report and Opinion 2022/23

Responsible Officer: Faye Haywood, Head of Internal Audit for South Norfolk Council

#### CONTENTS

<b>1. INTRODUCTION</b>	.....
<b>2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT</b>	.....
2.2 <i>The opinion itself</i>	.....
<b>3. AUDIT WORK UNDERTAKEN DURING THE YEAR</b>	.....
<b>4. THIRD PARTY ASSURANCES</b>	.....
<b>5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT</b>	.....
<b>6. PROPOSAL</b>	.....
<b>7. RECOMMENDATIONS</b>	.....
<b>APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2022/23</b>	.....
<b>APPENDIX 2 - ASSURANCE CHART</b>	.....
<b>APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES</b>	.....
<b>APPENDIX 4 – EXTERNAL QUALITY ASSESSMENT REPORT EXTRACT</b>	.....

## 1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards (PSIAS) - require the Head of Internal Audit to provide a written report to those charged with governance (known in this context as the Finance, Resources, Audit and Governance Committee (FRAG) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control during 2022/23, together with reasons if the opinion is unfavourable;
  - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
  - Any issues that are deemed particularly relevant to the AGS.
  - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s AGS, but there are also a number of other important sources to which the FRAG Committee and statutory officers of the Council should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 3**.

## 2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

### 2.1 Roles and responsibilities

- The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- The AGS is an annual statement by the Leader of the Council and the Managing Director that records and publishes the Council’s governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control, based upon and limited to the audit work performed during the year.

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with the Corporate Management and Leadership Team and key stakeholders and then approved by FRAG Committee.

The Internal Audit plan was approved at the meeting held in March 2022.

This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be considered during the preparation of the AGS.

FRAG Committee should consider this opinion, together with any assurances from management, its own knowledge of the Council and any assurances received throughout the year from other review bodies such as the external auditor.

## 2.2 The opinion itself

The overall opinion in relation to the framework of governance, risk management and controls at South Norfolk Council is **reasonable**.

The internal audit team has concluded seven assurance reports. Six of these areas have been given a positive assurance grading. The accounts payable report has been finalised with limited assurance overall. One urgent priority recommendation has been raised in relation to verification of supplier detail changes. Another important finding from this report is referenced at section 3.5 of this report. All other significant recommendations raised during this review have now been verified as complete.

The Internal Audit contractor is yet to finalise work in the following areas, so no overall grading is yet indicated.

- Covid-19 Relief Grants
- Economic Development

A further three reports have been issued in draft and overall gradings indicated. The findings contained within these reports are now subject to management verification.

- Key Controls and Assurance (Limited indicated)
- Procurement and Contract Management (Limited indicated)
- Leisure (Reasonable indicated)

The opinion also considers the results of position statements carried out in year. These have been for Risk Management, HR and Payroll and a post project review of the finance system implementation.

Considering the above, it is recommended that the Council makes reference within its Annual Governance Statement to the improvements required to strengthen compliance with its procurement requirements and highlights how financial controls will be improved. Any high or medium recommendations that remain outstanding within limited assurance reports from prior years such as those raised during 2021/22 for counter fraud and disaster recovery should also be included until they have been verified as resolved.

In providing the opinion the Council's governance, risk management and control framework has been evaluated. Supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified have all been taken into account.

The opinion has been shared with CLT and the Section 151 Officer prior to publication.

## 3. **AUDIT WORK UNDERTAKEN DURING THE YEAR**

3.1 **Appendix 1** records the internal audit work delivered during the year on which the opinion is based. In addition, **Appendix 2** is attached which shows the assurances provided over previous financial years to provide an overall picture of the control environment.

3.2 Internal audit work is divided into 4 broad categories:

- Annual opinion audits;
- Fundamental financial systems that underpin the Council's financial processing and reporting;
- Service area audits identified as worthy of review by the risk assessment processes within internal audit;
- Significant computer systems which provide the capability to administer and control the Council's main activities.

### 3.3 **Summary of the internal audit work**

A total of 166 days were originally included within the 2022/23 internal audit plan. Due to deferrals of audits and delays, 143 days have been delivered.

The 2022/23 plan has included a total of 12 assurance reviews and three position statements. Two reviews are yet to conclude. Seven of the 10 assurance reviews concluded have received a positive assurance grading, and three have received a limited assurance grading.

The Executive Summaries of all finalised assurance reports have been presented to FRAG, ensuring open and transparent reporting, and enabling the Committee to review key service area controls and the conclusions reached.

### 3.4 **Follow up of management action**

In relation to the follow up of management actions, to ensure that they have been effectively implemented, the position at year end is that of the 35 recommendations agreed so far for 2022/23, 12 have been completed; five are outstanding; and 18 are within deadline.

17 recommendations (two urgent, nine important and six needs attention priority) are outstanding from 2021/22; and one important priority recommendation is outstanding from 2020/21 in regard to HR and Payroll.

Please refer to the separate **Internal Audit Progress and Follow Up Report**, which shows the details of the progress made to date in relation to the implementation of the agreed recommendations, and which provides an update from management regarding important outstanding recommendations.

### 3.5 **Issues for inclusion in the Annual Governance Statement**

As stated in the opinion itself, a 'Limited' assurance report has been finalised for Accounts Payable. We therefore recommend that the recommendations that are not yet completed are referenced within the Annual Governance Statement. They are as follows.

- Implement a monitoring control to develop and run regular reports of all supplier amendments on the system and ensure that all amendments are legitimate and have been independently checked. (Urgent priority)
- Management to review orders raised prior to a PO being approved and identify whether any further actions are needed. Additionally, management should implement further training for system users with the ability to raise POs and emphasise the importance of raising and approving POs before goods are ordered. (Important priority)

In addition to this, 'Limited' assurance has also been indicated for Key Controls and Assurance. This report is currently in draft with a number of the findings having already been confirmed as complete. Once finalised, we recommend that any remaining recommendations

are referenced in the Annual Governance Statement. The remaining recommendations at the time of reporting are summarised below.

- Ensure creditor and debtor control account reconciliations are promptly reviewed.
- The Treasury Management Principles to be updated to outline controls for the authorisation of investments.
- Review system authorisation levels against the Councils authorised signatory list
- Provide monthly aged debt reports to senior management to demonstrate effective action.

Procurement and Contract Management has also been highlighted as an area of limited assurance. Findings have been raised in relation to the accuracy of the council's contract register and lack of aggregated spend analysis resulting in the potential for noncompliance with the Contract Procurement Rules. Document retention has been raised as an area requiring improvement along with staff training, the recording of exemptions and the proactive management of Procurement Policy Notes (PPNs). Initial findings indicate improvements are required to ensure compliance with the Local Government Transparency Code 2015 and Public Contracts Regulations 2015. Once findings are verified, we recommend the agreed actions are added to the Councils Annual Governance Statement.

We also recommend that outstanding recommendations from previous 'Limited' assurance reviews continue to be referenced in the Annual Governance Statement:

## **2021/22**

### **Counter Fraud and Corruption**

- A Counter Fraud and Corruption Strategy be devised, applying to all aspects of the Councils' business. This should be communicated throughout the Councils and acknowledged by those charged with governance. A strategy provides a framework for preventing and tackling bribery, fraudulent and corrupt acts against the Councils.
- Proactive work be undertaken to raise awareness of potential fraud.
- A programme of work be introduced to improve staff awareness and responsiveness to fraud across the Council.
- An annual fraud plan be devised, agreed by committee and reflect resources mapped to risks and arrangements for reporting outcomes. This plan should cover all areas of the local authority's business and include activities undertaken by contractors and third parties or voluntary sector activities.
- The Councils to introduce an official programme to publicise fraud and corruption cases internally and externally, which is positive and endorsed by the council's communications team.
- A fraud and corruption response plan should be devised to cover all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.

### **Disaster Recovery**

- Council DR Plans be reviewed, updated, communicated and tested. (Urgent priority)
- Regular DR tests be scheduled and undertaken. (Urgent priority)
- Ensure that appropriate staff have DR responsibilities and skills/knowledge is refreshed (Important priority)

#### 4. THIRD PARTY ASSURANCES

4.1 In arriving at the overall opinion reliance has not been placed on any third-party assurances.

#### 5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

##### 5.1 Quality Assurance and Improvement Programme (QAIP)

5.1.1 The Internal Audit team maintain a QAIP covering actions for service development, standards conformance, risk management, training and skills and performance monitoring. Throughout the year, progress against the QAIP is monitored and success is measured by completing the Internal Assessment, the External Assessment when applicable and in evaluating performance against our suite of KPIs.

##### 5.1.2 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2020/21. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular; Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme.

The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular; Managing the Internal Audit Activity, Nature of Work, Engagement Planning, Performing the Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks.

Through completion of the checklist, we can confirm that the service conforms with Definition of Internal Auditing, the Code of Ethics and the Performance Standards.

##### 5.1.3 External Assessment

In relation to the Attribute Standards, it is recognised that to achieve full conformance an external assessment is needed. An external assessment was carried out in October 2022 by the Chartered Institute of Internal Auditors (IIA). We are pleased to report that EIAS received a 'generally conforms' result, with conformance in 60 out of 64 areas (two areas were not applicable, and two resulted in 'partially conforms'). An extract from the report is provided at **Appendix 4**. A full copy of the report can be provided to members upon request.

It was highlighted, that EIAS are particularly good at: reflection of the standards; focus on performance, risk and adding value; and QAIP. Positive feedback received from key stakeholders highlights that 'reports are the right length and the right format', and that EIAS are 'professional and have an excellent reputation'.

One area of partial conformance was highlighted in coordinating and maximising assurance. Since October, this area has been improved as part of annual internal audit planning. Within the Strategic and Annual Plans report 2023/24 presented in March 2023, an Assurance Map was provided, outlining the top risks, along with first, second and third lines of assurance.

The second area of partial conformance was raised to ensure that all EIAS clients receive an External Quality Assessment as it falls due on the five-year anniversary.

## 5.2 Performance Indicator outcomes

5.2.1 Actual performance against these targets is outlined within the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Chief Finance Officer Satisfaction	Annual	Good	Adequate	KPI not achieved
<u>Internal Audit Process</u>				
2. APM issued minimum 20 working days before agreed start date	Quarterly	90%	27%	KPI not achieved (4 out of 15 issued in time)
3. Quarterly draft reports issued within 10 working days of the end of the quarter	Quarterly	95%	27%	KPI not achieved (4 out of 15 issued in time)
4. Quarterly final reports issued within 20 working days of the end of the quarter	Quarterly	95%	13%	KPI not achieved (2 out of 15 issued in time)
5. Quarterly performance pack reported to the contract manager within 15 working days of the end of the quarter	Quarterly	100%	75%	KPI partially achieved (3 out of 4 quarters)
6. Respond to the contract manager within 3 working days where unsatisfactory feedback has been received	Continuous	3 working days	3 working days	KPI achieved
7. PSIAS compliance – deep dive file review of files indicates good evidence saved on file	Quarterly	100%	100%	KPI achieved
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)	Continuous	Adequate	Good	KPI exceeded (6 surveys returned)
9. Percentage of recommendations accepted by management	Quarterly	90%	100%	KPI exceeded
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter	Quarterly	60%	94%	KPI exceeded
11. Number of training hours per member of staff completed per quarter	Quarterly	1 day	1 day	KPI achieved

5.2.2 As demonstrated by the above, the Internal Audit Contractor has struggled to meet our targets relating to timeliness and S151 satisfaction, throughout 2022/23.

There is significant room for improvement in the issuing of Audit Planning Memorandums 20 working days before audit start date, the issuing of draft reports 10 working days after quarter end and the finalisation of draft reports 20 working days after issue. Key work has been significantly delayed resulting in a challenging year end and difficulties in reaching conclusions for the Annual Opinion in accordance with reporting deadlines.

The Head of Internal Audit and Audit Director TIAA meet weekly to discuss progress against the plan and an action plan has been developed to tackle these issues for the 2023/24 year ahead and this will be closely monitored.



It is reassuring to note however that our KPIs relating to quality have been exceeded in some cases with most satisfaction surveys providing good feedback about the work undertaken.

### 5.3 Effectiveness of the Head of Internal Audit (HIA) arrangements as measured against the CIPFA Role of the HIA

5.3.1 This Statement sets out the 5 principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:

- Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
- Give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit Committee;
- Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
- Head of Internal Audit to be professionally qualified and suitably experienced.

Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit in relation to the 5 principles set out within.

## 6. PROPOSAL

6.1 The Finance, Resources, Audit and Governance Committee, in maintaining an overview as to the quality of systems of internal control in operation at the Council, is being requested to note this report, and the reasonable assurance opinion awarded, and confirms that key information provided is carried across to the Council's Annual Governance Statement, which is also considered on the agenda.

## 7. RECOMMENDATIONS

- 7.1
- a) Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.
  - b) Receive the **reasonable** audit opinion given in relation to the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2023.
  - c) Receive the opinions expressed together with any significant matters arising from internal audit work and contained within this report and give them due consideration, when developing and reviewing the Council's Annual Governance Statement for 2022/23.
  - d) Receive the conclusions of the Review of the Effectiveness of Internal Audit.

## APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2022/23

Audit Area	Assurance	No of Recs	Completed	Urgent OS	Important OS	Needs Attention OS	Not yet due
<b>Annual Opinion Audits</b>							
Community Activity	Reasonable	6	2	0	0	0	4
Covid-19 Relief Grants	TBC						
Community Assets	Reasonable	5	0	0	3	2	0
Risk Management	Position Statement						
Accounts Payable	Limited	9	6	0	0	0	3
Local Council Tax Support and Housing Benefit	Reasonable	2	2	0	0	0	0
Council Tax and NNDR	Reasonable	7	0	0	0	0	7
Elections	Substantial	1	0	0	0	0	1
Procurement and Contract Management	Limited (DRAFT)						
Key Controls and Assurance	Limited (DRAFT)						
Business Continuity and Emergency Planning	Reasonable	5	2	0	0	0	3
Economic Development	TBC						
Payroll and HR	Position Statement						
Leisure	Reasonable (DRAFT)						
<b>IT audits</b>							
Post-Implementation Finance System	Position Statement						
<b>Total</b>		<b>35</b>	<b>12</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>18</b>

<b>Assurance level definitions</b>		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed 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 audit review were being consistently applied.	1
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations 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.	6
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.	3
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.	0

## APPENDIX 2 - ASSURANCE CHART

	2018-19	2019-20	2020/21	2021/22	2022/23	2023/24
<b>Annual Opinion Audits</b>						
Corporate Governance		Reasonable	Reasonable			X
Risk Management		Maturity Assessment			Position Statement	
Corporate Governance - Big Sky		Reasonable		Position Statement		
Key Controls and Assurance	Reasonable	Reasonable	Reasonable	Reasonable	Limited (DRAFT)	X
Annual Governance Statement				Substantial		
Counter Fraud and Corruption				Limited		
Procurement and Contract Management	Reasonable		Position Statement		Limited (DRAFT)	
FOI and Complaints						X
Project Management						X
Business Continuity and Emergency Planning					Reasonable	
Performance Management, Business Planning				Reasonable		
Corporate Health and Safety				Substantial		
<b>Fundamental Financial Systems</b>						
Local Council Tax Support and Housing Benefit	Reasonable		Reasonable		Reasonable	
Council Tax and National Non Domestic Rates	Reasonable		Reasonable		Reasonable	
Accounts Receivable		Reasonable		Limited		X
Income				Reasonable		
Accountancy Services		Reasonable		Reasonable		X
Budgetary Control						
Accounts Payable	Reasonable		Reasonable		Limited	
Income / Remittances				Reasonable		
Payroll and Human Resources	Substantial		Reasonable		Position Statement	

	2018-19	2019-20	2020/21	2021/22	2022/23	2023/24
<b>Service Area Reviews</b>						
Economic Development			Position Statement		TBC	
Elections	Substantial				Substantial	
GDPR	Reasonable					
Leisure		Reasonable			Reasonable	
Building Control	Reasonable					
Housing Strategy and Affordable Housing						
Nutrient Neutrality						X
Surveillance and Investigatory Powers						X
Legal Services						X
Home Options						
Car Parks	Reasonable					X
Waste Management		Reasonable				X
Food Safety and Licencing				Reasonable		
Housing Standards including Disabled Facilities Grants & Discretionary grants		Reasonable				
Early Help Hub						X
Planning and Development Management		Reasonable				X
Homelessness and Housing Options		Reasonable		Reasonable		X
Community Activity					Reasonable	
Covid-19 Relief Grants					TBC	
Community Assets					Reasonable	
<b>IT Audits</b>						
Network Security and Infrastructure Management						
Cyber Security	Limited			Limited		X
Disaster Recovery		Limited		Limited		
Remote Access (Supplier and User)	Reasonable		Reasonable			
Cash Receipting Application						
Data Centre		Position Statement				
Post-implementation Finance System					Position Statement	
Service Desk			Reasonable			X

## **APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES**

### **Limitations inherent to the Internal Auditor's work**

The Internal Audit Annual Report has been prepared and TIAA Ltd (the Internal Audit Services contractor) were engaged to undertake the agreed programme of work as approved by management and the Audit Committee, subject to the limitations outlined below.

### **Opinions**

The opinions expressed are based solely on the work undertaken in delivering the approved 2022/23 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

### **Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate/service policies, aims and objectives: it can therefore only provide reasonable and not absolute assurance of effectiveness. Internal control systems essentially rely on an ongoing process of identifying and prioritising the risks to the achievement of the organisation's policies, aims and objectives, evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. That said, internal control systems, no matter how well they have been constructed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### **Future Periods**

Internal Audit's assessment of controls relating to Council is for the year ended 31 March 2023. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in the operating environment, law, regulation or other matters; or,
- The degree of compliance with policies and procedures may deteriorate.

### **Responsibilities of Management and Internal Auditors**

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

The Head of Internal Audit, has sought to plan Internal Audit work, so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, additional work will then be carried out which is directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected and TIAA's examinations as the Council's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

## APPENDIX 4 – EXTERNAL QUALITY ASSESSMENT REPORT EXTRACT

### Conformance Opinion

The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards.

There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that internal audit activity conforms to 60 of the 64 relevant principles, with partial conformance on two principles. Two of the principles were not relevant to EIAS as they relate to situations that have not occurred to date.

This is summarised in the table below:

Summary of conformance	Standards	Generally conforms	Partially conforms	Does not conform	Not relevant	Total
Definition of IA and Code of Ethics	Rules of conduct	12				<b>12</b>
Purpose	1000 - 1130	8				<b>8</b>
Proficiency and Due Professional Care (People)	1200 - 1230	4				<b>4</b>
Quality Assurance and Improvement Programme	1300 - 1322	5	1		1	<b>7</b>
Managing the Internal Audit Activity	2000 - 2130	11	1			<b>12</b>
Performance and Delivery	2200 - 2600	20			1	<b>21</b>
<b>Total</b>		<b>60</b>	<b>2</b>	<b>0</b>	<b>2<sup>1</sup></b>	<b>64</b>

<sup>1</sup> These relate to circumstances which prior to the external quality assessment were deemed not relevant, namely the Disclosure of Non-conformance and Engagement Disclosure of Non-conformance, which have not been necessary to date.

**Eastern Internal Audit Services**



**South Norfolk Council**

**Progress Report on Internal Audit Activity**

**Period Covered: 12 January 2023 to 11 July 2023**

**Responsible Officer: Faye Haywood – Head of Internal Audit for South Norfolk Council**

**CONTENTS**

1. INTRODUCTION.....

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN .....

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK.....

4. THE OUTCOMES ARISING FROM OUR WORK.....

5. FOLLOW UP OF AGREED INTERNAL AUDIT RECOMMENDATIONS .....

6. PROPOSAL .....

7. RECOMMENDATIONS.....

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK .....

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES 2022/23.....

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS .....

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21.....

APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22.....

APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23.....

## 1. INTRODUCTION

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

## 2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 One significant change to the plan was highlighted at the January 2023 meeting. Since then, two further audits have been deferred:

Audit	Justification
SNC2311 Housing Strategy and Affordable Housing	A review of Housing Strategy is now planned for 2024/25 once the strategy has been re-defined to manage the Council's approach to managing homelessness and temporary accommodation assets.
SNC2317 Service Desk	At the request of management, in order to allow the IT team to support the move to horizon it was agreed to defer this audit to the 2023/24 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 143 days of programmed work have now been completed, equating to 98% of the Internal Audit Plan for 2022/23.

## 4. THE OUTCOMES ARISING FROM OUR WORK

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

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



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

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

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

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

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

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

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

4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report Internal Audit has issued seven reports:

Audit	Assurance	P1	P2	P3
SNC/BRD2307 Local Council Tax Support and Housing Benefit	Reasonable	0	2	0
SNC/BRD2308 Council Tax and NNDR	Reasonable	0	2	5
SNC/BRD2315 Elections	Substantial	0	0	1
SNC/BRD2304 Business Continuity and Emergency Planning	Reasonable	0	2	3
SNC/BRD2306 Accounts Payable	Limited	1	6	2
SNC/BRD2301 Key Controls and Assurance (DRAFT)	Limited indicated	0	13	9
SNC Leisure (DRAFT)	Reasonable	0	3	1

The Executive Summaries of these reports are attached at **Appendix 2**, full copies of the reports will be provided upon request.

4.5 The report for Procurement and Contract Management was issued 11 July 2023. A limited assurance opinion has been indicated. We would like the opportunity to verify findings with management before the full report is made available to members of the FRAG Committee.

- 4.6 As can be seen in the table above and as a result of these audits 50 recommendations have been raised by Internal Audit. Six Operational Effectiveness Matters have been proposed to management for consideration.
- 4.7 In addition to the audits above, a position statement on Post-Implementation Finance System has been issued. The position statement has concluded with the following three suggested actions/improvements:
- A benefits realisation report be prepared and ensure that all in-flight and planned projects also implement this process.
  - Formal tracking of non-go live project issues post go live be undertaken. A quorum be established such that key decisions can still be made with a reduced attendance at relevant meetings.
  - The Councils to ensure that Project Board management meetings be formally minuted.
- 4.8 A position statement has also been issued in relation to HR and Payroll. At the request of management, the payroll process was mapped to identify any duplication apparent between the responsibilities of each of the three parties involved in delivering the Council's payroll.

Three suggested actions were raised during the review including documenting key HR and Payroll policies, ensuring that co-operation agreements are agreed, signed and retained between the Council and Payroll providers, once signed quality assurance checks are suggested to ensure agreements are being upheld.

## 5. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS

- 5.1 In addition to providing the Committee with the performance of internal audit relative to its plan, the Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not acting.
- 5.2 To comply with the above this report includes the status of agreed actions.
- 5.3 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to the Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 5.4 **Appendix 3** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round. A total of 23 recommendations (two urgent, 13 important and eight needs attention) are currently outstanding. 18 recommendations are not yet due for implementation.

**Appendix 4, 5 and 6** provide the committee with details of urgent and important priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each.

## **6. PROPOSAL**

- a) The Finance, Resources, Audit and Governance Committee are requested to receive the Progress Report. In doing so the Committee is ensuring that the Internal Audit Service remains compliant with professional auditing standards.
- b) The Finance, Resources, Audit and Governance Committee are asked to receive the position in relation to the completion of agreed audit recommendations.

## **7. RECOMMENDATIONS**

- 7.1 That the FRAG Committee receive the final report on progress in relation to the completion of the Internal Audit Plan for 2022/23.
- 7.2 That FRAG Committee discuss the position in relation to the completion of agreed internal audit recommendations as at 5 July 2023.

## 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	
<b>Quarter 1</b>											
Community Activity	SNC2314	8	8	8	Final report issued on 5 January 2023.	Reasonable	0	2	4	0	January 2023
<b>TOTAL</b>		<b>8</b>	<b>8</b>	<b>8</b>							
<b>Quarter 2</b>											
Covid-19 Relief Grants	SNC2302	8	8	6	Draft report in preparation.						
Community Assets	SNC2312	8	8	8	Final report issued on 5 December 2022	Reasonable	0	3	2	0	January 2023
<b>TOTAL</b>		<b>16</b>	<b>16</b>	<b>14</b>							
<b>Quarter 3</b>											
Council Tax and NNDR	SNC2308	15	15	15	Final report issued on 11 May 2023.	Reasonable	0	2	5	0	July 2023
Risk Management	SNC2305	4	4	4	Final position statement issued on 7 March 2023.						March 2023
Accounts Payable	SNC2306	10	10	10	Final report issued on 27 June 2023.	Limited	1	6	2	2	July 2023
Local Council Tax Support and Housing Benefit	SNC2307	15	15	15	Final report issued on 19 January 2023.	Reasonable	0	2	0	0	July 2023
Elections	SNC2315	8	8	8	Final report issued on 9 February 2023.	Substantial	0	0	1	0	July 2023
<b>TOTAL</b>		<b>52</b>	<b>52</b>	<b>52</b>							
<b>Quarter 4</b>											
Business Continuity and Emergency Planning	SNC2304	8	8	8	Final report issued on 26 June 2023.	Reasonable	0	2	3	1	July 2023
Key Controls and Assurance	SNC2301	10	10	10	Draft report issued on 27 June 2023.	Limited					July 2023
Procurement and Contract Management	SNC2303	10	10	10	Draft report to be issued	Limited					July 2023
Payroll and HR	SNC2309	8	8	8	Position Statement issued 3 July 2023						July 2023
Economic Development	SNC2310	9	9	8	Draft report in preparation.						
Housing Strategy and Affordable Housing	SNC2311	6	0	0	Audit deferred to 2023/24.						
Leisure	SNC2313	10	10	10	Draft report issued 7 July 2023	Reasonable					July 2023
<b>TOTAL</b>		<b>61</b>	<b>55</b>	<b>54</b>							
<b>IT Audits</b>											
Service Desk	SNC2317	5	0	0	Audit deferred to 2023/24.						
Post-Implementation Finance System	SNC2318	3	3	3	Final report issued on 21 February 2023.	Position Statement					July 2023
Network Security and Infrastructure Management	SNC2316	9	0	0	Audit deferred to 2023/24.						
<b>TOTAL</b>		<b>17</b>	<b>3</b>	<b>3</b>							
<b>Follow Up</b>											
Follow Up	N/A	12	12	12							
<b>TOTAL</b>		<b>12</b>	<b>12</b>	<b>12</b>							
<b>TOTAL</b>		<b>166</b>	<b>146</b>	<b>143</b>			<b>1</b>	<b>17</b>	<b>17</b>	<b>3</b>	
<b>Percentage of plan completed</b>				<b>98%</b>							

## Executive Summary – SNC/BRD2307 Housing Benefit and Council Tax Support

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk:  
 Authority errors in payments leads to full subsidy claim not being paid by DWP.

### SCOPE

This key financial system feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in this area.

### KEY STRATEGIC FINDINGS

- Housing Benefit and Council Tax Assistance claims are assessed promptly and in accordance with legislation and local policy.
- Annual system updates are independently reviewed to ensure that they have been input correctly and a sample of claims is tested to confirm the accuracy.
- Although regular sample checking is undertaken, errors are not regularly followed up to ensure that they have been corrected.
- A reconciliation between the benefits system and the general ledger has not taken place in 2022/23 to date.

### GOOD PRACTICE IDENTIFIED

- The Councils' processes will be reviewed and aligned during 2023 as part of the migration to a single system.
- Quality assurance checks are undertaken on various types of claim processing, with outcomes fed back to officers for development.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	0	0

OVERALL ASSESSMENT







ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

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

SCOPE

This key financial system feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in this area.

KEY STRATEGIC FINDINGS


-  System parameters and data are checked and tested as part of the annual billing process, to ensure that all changes have been made correctly and accurate bills are produced. However, system access reviews have not been recently completed.
-  There is a Corporate Debt Collection Policy, Principles & Procedure, however, it does not contain a defined process for the recovery of Council Tax and NNDR.
-  Monthly general ledger reconciliations have not been performed for Broadland this financial year. Reconciliations have been performed for South Norfolk, however, reviews are inconsistent.
-  Quality assurance checks of staff's work have not recently been completed, due to resource limitations.

GOOD PRACTICE IDENTIFIED

-  Cash collection for both Council Tax and NNDR is tracked on a monthly basis, with historical collection rates included to gauge performance.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	5	0

<p><b>OVERALL ASSESSMENT</b></p>  <p>The diagram shows a circular gauge with the text 'Adequate &amp; effective governance, risk and control processes' around the top edge. Inside the gauge, the text 'SUBSTANTIAL ASSURANCE' is displayed. To the right of the gauge are four horizontal bars representing assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red). The green bar is highlighted, indicating the current assurance level.</p>	<p><b>KEY STRATEGIC FINDINGS</b></p> <ul style="list-style-type: none"> <li>Testing of a sample of canvassers identified that they had been formally appointed and trained and paid according to properties visited and responses received.</li> <li>Elections and canvass activities are carried out in accordance with Electoral Commission guidance.</li> <li>Testing confirmed that Electoral Register changes had been processed accurately with adequate audit trail maintained.</li> </ul>								
<p><b>ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE</b></p> <p>This audit sought to provide assurance over the following key risk: The Councils' readiness for the next elections, with changes to the elections process along with the Councils' office move and physical availability of space to manage the elections.</p>	<p><b>GOOD PRACTICE IDENTIFIED</b></p> <ul style="list-style-type: none"> <li>Preparations for the implementation of the voter ID include an impact assessment, project planning meetings with CMLT and recruiting additional administration staff to cover an expected rise in calls.</li> <li>The Elections Manager maintains a set of risk registers for the electoral process along with actions being taken to mitigate them.</li> </ul>								
<p><b>SCOPE</b></p> <p>Both Councils received a Substantial assurance the last time they were reviewed. New elections software has been implemented and elections are due to take place in May 2023. This audit provided assurance over electoral registration and electoral management processes in preparation for the 2023 elections whilst considering the potential impacts of changes to voter identity checks.</p>	<p><b>ACTION POINTS</b></p> <table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Needs Attention</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> </tbody> </table>	Urgent	Important	Needs Attention	Operational	0	0	1	0
Urgent	Important	Needs Attention	Operational						
0	0	1	0						

# Executive Summary – SNC/BRD2304 Business Continuity and Emergency Planning

## OVERALL ASSESSMENT







## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following risk: The Councils' ability to respond to Business Continuity incidents effectively and mitigating the impact on operations.



## SCOPE

A review of Business Continuity and Emergency Planning had not been undertaken at the Councils recently. This audit provides assurance that the Councils have the necessary plans and capabilities to respond to incidents effectively. As well as the above, the audit reviewed flood water management and business continuity plans for waste management.

## KEY STRATEGIC FINDINGS

-  Business Continuity Plans (BCP) for each service area have been drafted, and a template developed. However, some information is not uniformly presented across the service areas, with areas of improvement identified.
-  Lessons learnt and actions as a result of exercises or business continuity incidents are captured within meeting notes or log sheets, but there is no process in place to effectively monitor implementation of any recommendations thereon.
-  As management's focus has been on the implementation of the BCP, not all plans have been tested, or have a timetable for testing.
-  The Councils are members of the Norfolk Strategic Flood Alliance, which was founded following flooding in 2020. A strategy has been developed to enable countywide responses to flooding across all agencies involved.

## GOOD PRACTICE IDENTIFIED

-  The Emergency Planning Team are part of the Norfolk Resilience Forum. Weekly meetings are attended that inform the Team of key county-wide risks and issues.
-  Staff are provided with laptops, with VPN connectivity, to support remote working. Grab bags have been prepared for CLT, which contain contact details, the Emergency Response Plan and immediate actions check list.

## ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	3	1



# Executive Summary – SNC2/BRD306 Accounts Payable

## OVERALL ASSESSMENT



## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

This audit sought to provide assurance over the following key risks:

- Financial loss due to incorrect or fraudulent payments.
- Financial loss through bank mandate fraud, if the controls over changes to supplier bank details are inadequate.

## SCOPE

This key financial system feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in this area.

## KEY STRATEGIC FINDINGS

- The Councils do not monitor amendments to supplier records. No controls are in place to identify changes made without the appropriate documentation and verification.
- Supporting evidence for invoices without POs and for new suppliers is inconsistent and not always retained in a readily available format.
- 25% of the sampled invoices with POs have been ordered before the PO was raised and approved. One case was identified where officers have received special authorisation to self-authorise POs under £500, however no monitoring controls are in place for these.
- Reconciliations for this financial year between the creditor control account and general ledger have only been completed at the end of November. Discrepancies in the supplementary aged creditors report have been identified and are being investigated.

## GOOD PRACTICE IDENTIFIED

- Mitigating controls are in place to prevent supplier details being entered when raising a PO; to prevent orders from being placed where no funds are available; and to ensure no duplicates of invoices are being raised.
- Both Councils have published the required information on spending data over £500 and statistics on prompt payments.

## ACTION POINTS

Urgent	Important	Needs attention	Operational
1	6	2	2

## Executive Summary – SNC/BRD2301 Key Controls and Assurance (DRAFT)

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: "Non-compliance with key financial controls".

### SCOPE

This is an annual review of key financial controls and informs the Head of Internal Audit's overall opinion on the control environment and feeds into the Statement of Accounts. For those systems not subject to a full audit review within the year, assurance was provided.

### KEY STRATEGIC FINDINGS



Creditor and debtor control accounts have not been consistently completed and independently reviewed each month.



Bank account reconciliations have not been fully completed due to historic issues, dating back to 2021/22, that have not been resolved.



Monthly aged debt reports are not reported to senior management.



Authorised signatories for various tasks do not align with working practices. This includes raising invoices and credit notes, investments and write offs.

### GOOD PRACTICE IDENTIFIED



Adequate controls were found to be in place for the following areas:  
Annual Governance Statement.



The budget setting timetable for 2022/2023 has been adhered to.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	10	9	0

# Executive Summary – SNC2313 Leisure (DRAFT)

**OVERALL ASSESSMENT**

**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

The strategic risk register includes a high-level risk relating to membership and income levels at leisure centres (SNC GE1), with the scores increased in October 2022 with no change being reported in March 2023 to "significant ". Increased costs to the Council for utility bills at leisure centres are also impacting on budgets.

**KEY STRATEGIC FINDINGS**

- Following closures of leisure facilities during Covid-19, a leisure recovery plan for the period to 31st March 2024 was agreed by Cabinet in July 2020. Pricing strategies have been developed to help maximise income.
- A Leisure Oversight Board (LOB) was set up to act as an advisory body and monitor the recovery of the service back to cost neutrality in line with the recovery plan.
- Performance and budgetary performance is monitored monthly and reported to the Directorate Management Team and LOB, with quarterly updates, alongside the risk register, to Cabinet.
- From records provided it was not possible to confirm the hours / extra hours paid to casual workers was correct.

**GOOD PRACTICE IDENTIFIED**

- The Council commissioned a specialist leisure marketing agency to deliver digital membership and awareness campaigns. This has had a positive effect on membership numbers and usage of the leisure centres.
- Procedures for cash handling and membership discounts at leisure centres have been updated, including recommendations from an Internal Audit investigation carried out in July 2022.

**SCOPE**

A very high risk was raised in the Strategic Risk Register in relation to the Council being unable to maintain memberships and income levels at its Leisure Centres as a consequence of Covid-19. Our audit provides assurance over the Council's efforts to mitigate this risk and report on progress against recovery projections. This audit included a review of existing member offer and pricing structures, and budget monitoring.

**ACTION POINTS**

Urgent	Important	Needs attention	Operational
0	1	3	1

### APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 12 January to 5 July 2023			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
<b>2020/21 Internal Audit Reviews</b>															
SNC2102	Corporate Governance	Reasonable			1						0				
SNC2108	Key Controls and Assurance	Reasonable			1						0				
SNC2104	HR and Payroll	Reasonable					1				1				
SNC2112	Remote Access	Reasonable		1							0				
<b>2021/22 Internal Audit Reviews</b>															
SNC2206	Counter Fraud and Corruption	Limited					6				6				
SNC2201	Key Controls and Assurance	Reasonable			2		1	2			3				
SNC2203	Annual Governance Statement	Substantial						1			1				
SNC2207	Accounts Receivable	Limited	1	1							0				
SNC2208	Income	Reasonable			2		1	1			2				
SNC2209	Accountancy Services	Reasonable		1				1			1				
SNC2202	Performance Management, Business Planning	Reasonable						1			1				
SNC2214	Disaster Recovery	Limited		1		2	1				3				
SNC2211	Homelessness and Housing Options	Reasonable		2							0				
SNC2205	Corporate Health and Safety	Substantial			2						0				
SNC2210	Covid-19 Business Grants	Reasonable			1						0				
<b>2022/23 Internal Audit Reviews</b>															
SNC2312	Community Assets	Reasonable							3	2	5				
SNC2308	Council Tax and NNDR	Reasonable									0		2	5	
SNC2314	Community Activity	Reasonable			2						0		2	2	
SNC2304	Business Continuity and Emergency Planning	Reasonable		2							0				3
SNC2315	Elections	Substantial									0				1
SNC2306	Accounts Payable	Limited		5	1						0		1	1	1
SNC2307	Local Council Tax Support and Housing Benefit	Reasonable		2							0				
<b>TOTALS</b>			<b>1</b>	<b>15</b>	<b>12</b>	<b>2</b>	<b>10</b>	<b>6</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>23</b>	<b>1</b>	<b>5</b>	<b>12</b>

#### APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
SNC2104 HR and Payroll	Recommendation 3: The audit trail in the payroll system be improved so that it is possible to view the authorisation details for all claims submitted, including the authorising officer and the dates submitted and authorised.	Important	Chief of Staff	30/06/2021	31/03/2024	5	Outstanding	The IT system implementation has now been postponed with a procurement exercise due to commence to appoint a new provider with implementation of the new system to be by the end of 31 March 2024. This recommendation will be addressed as part of that system implementation.

#### APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
SNC2214 Disaster Recovery	Recommendation 2. Council DR Plans be reviewed, updated, communicated and tested	Urgent	AD Transformation, Innovation and IT	01/11/2022	31/10/2023	2	Outstanding	DR plans in relation to the Recovery Time Objectives have been agreed by the business and the Corporate Leadership Team.
SNC2214 Disaster Recovery	Recommendation 3. Regular DR tests be scheduled and undertaken.	Urgent	AD Transformation, Innovation and IT	01/02/2022	31/10/2023	3	Outstanding	DR tests are yet to be scheduled the move to new infrastructure and the Horizon Building has delayed the scheduling of these DR tests. We have recently re-worked our workplan to reflect a more realistic view of the completion date for this exercise in view of current workload and the planning and timing of the enabling works for this.
SNC2214 Disaster Recovery	Recommendation 6. Ensure that appropriate staff have DR responsibilities and skills/knowledge is refreshed	Important	AD Transformation, Innovation and IT	01/11/2022	31/10/2023	2	Outstanding	Training needs have been identified and funding has been ringfenced from the Learning and Development budget to deliver training this year.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
SNC2206 Counter Fraud and Corruption	Recommendation 3: A Counter Fraud and Corruption Strategy be devised, applying to all aspects of the Councils' business. This should be communicated throughout the Councils and acknowledged by those charged with governance. A strategy provides a framework for preventing and tackling bribery, fraudulent and corrupt acts against the Councils.	Important	AD Finance	30/04/2022	01/09/2023	6	Outstanding	The contract has been signed by the Council; actions will be progressed with urgency now that the contract is signed by both parties.
SNC2206 Counter Fraud and Corruption	Recommendation 4: Proactive work be undertaken to raise awareness of potential fraud.	Important	AD Finance	30/04/2022	01/09/2023	6	Outstanding	Update as above.
SNC2206 Counter Fraud and Corruption	Recommendation 5: A programme of work be introduced to improve staff awareness and responsiveness to fraud across the Council.	Important	AD Finance	30/04/2022	01/09/2023	6	Outstanding	Update as above.
SNC2206 Counter Fraud and Corruption	Recommendation 6: An annual fraud plan be devised, agreed by committee and reflect resources mapped to risks and arrangements for reporting outcomes. This plan should cover all areas of the local authority's business and include activities undertaken by contractors and third parties or voluntary sector activities.	Important	AD Finance	30/04/2022	01/09/2023	6	Outstanding	Update as above.
SNC2206 Counter Fraud and Corruption	Recommendation 7: The Councils to introduce an official programme to publicise fraud and corruption cases internally and externally, which is positive and endorsed by the council's communications team.	Important	AD Finance	30/04/2022	01/09/2023	6	Outstanding	Update as above.
SNC2206 Counter Fraud and Corruption	Recommendation 9: A fraud and corruption response plan should be devised to cover all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.	Important	AD Finance	30/04/2022	01/09/2023	6	Outstanding	Update as above.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
SNC2208 Income	Recommendation 1: Bank charge reconciliations to be completed within the month end accounting cycle and reviewed no later than 30 days following month-end shut down.	Important	AD Finance	30/11/2022	31/08/2023	2	Outstanding	These reconciliations are now being carried out, signed off and are up to date. However, some further work is taking place to ensure supporting evidence is in place, and therefore, the due date for the recommendation has been revised to end of August 2023 to allow time for this work to be done.
SNC2201 Key Controls and Assurance	Recommendation 4 – The CTAX and NNDR System is reconciled to the general ledger on a monthly basis, documented and subject to independent review, with evidence retained.	Important	AD Finance	30/11/2022	31/08/2023	2	Outstanding	NNDR reconciliations have been brought up to date; however CTAX reconciliations are only up to date until January 2023. The deadline has therefore been revised to August 2023.

#### APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23

Job	Recommendation	Priority	Officer	Due Date	Revised Due Date	Times revised	Status	Latest Response
SNC2312 Community Assets	Update the Community Assets Strategy, for both Councils, and prepare supporting documents that link to it, such as Tree Management Plan, Playgrounds Management Plan and Open Space Strategy.	Important	AD Economic Growth	31/05/2023	N/A	0	Outstanding	No update received.
SNC2312 Community Assets	Regularly review outstanding tasks assigned to contractors to ensure that they are not taking an excessively long time to complete.	Important	AD Economic Growth	30/03/2023	31/07/2023	1	Outstanding	Tasks assigned are regularly reviewed and prioritised. Working with procurement to include penalty clauses and performance metrics in all future contracts for Community Assets to ensure work is completed in a timely manner.
SNC2312 Community Assets	Review how actions are recorded, assigned and closed on PSS Live to ensure that the system is being used effectively and reflects the tasks that are currently outstanding.	Important	AD Economic Growth	30/03/2023	31/07/2023	1	Outstanding	All historic actions and tasks are being reviewed and closed down, as appropriate. The system is now being used effectively and reflects actions that are not part of a scheduled maintenance program.