

Eastern Internal Audit Services



South Norfolk Council

Progress Report on Internal Audit Activity

Period Covered: 15 March 2022 to 7 July 2022

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

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1. INTRODUCTION

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

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 Since the plan's approval on 25th June 2021, one significant change to the plan has been made. At the request of senior management, a position statement has been completed over 10 days covering Council Tax Discounts and Exemptions.

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 158 days has now been completed. The 2021/22 plan of work is now complete, with two reports in the quality assurance process and four in draft.

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, four Internal Audit reports have been finalised; four reports have been issued in draft.

Audit	Assurance	P1	P2	P3
Accountancy Services	Reasonable	0	2	1
Disaster Recovery	Limited	3	4	1
Homelessness and Housing Options	Reasonable	0	4	1
Corporate Health and Safety	Substantial	0	0	3
Food Safety and Licencing (Draft)	Reasonable	0	2	2
Accounts Receivable (Draft)	Limited	1	2	2
Income (Draft)	Reasonable	0	3	3
Key Controls and Assurance (Draft)	Reasonable	0	3	4
Total		4	20	17

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

4.5 As can be seen in the table above as a result of these audits 41 recommendations have been raised and agreed by management.

4.6 One operational effectiveness matter has been raised for management consideration within the Accounts Receivable report.

4.7 In addition, an additional position statement has been completed for Council Tax and Discounts and Exemptions. This work has resulted in a number of suggested actions for management consideration. The key findings from this work are referenced below;

- Decisions on complex cases be recorded on accounts to show the outcome, reasons and decision makers.
- Review the liabilities on the caravan accounts reviewed as part of the sample.
- Review how caravans and similar properties are incorporated into the regular inspection programme, to help maintain up to date records.
- Seek advice from the Department for Business, Energy and Industrial Strategy and/or National Anti-Fraud Network for guidance on how to proceed with

- the case of potential covid business grant fraud. Suggested action not agreed by management.
- Where investigations or updates are put on hold, the reason for action being put on hold to be added to the account and future work items be set on the account to ensure that it is picked up again in the future.

6 PROPOSAL

- 6.1 The Finance, Resources, Audit and Governance Committee are requested to receive and note the Progress Report. In doing so the Committee is ensuring that the Internal Audit Service remains compliant with professional auditing standards.

7. RECOMMENDATIONS

- 7.1 That members note the progress made in completing the Internal Audit Plan for 2021/22.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 2											
Performance Management, Business Planning	SNC2202	10	10	10	Final report issued on 2 February 2022.	Reasonable	0	2	1	0	March 2022
Corporate Health and Safety	SNC2205	8	8	8	Final report issued on 16 June 2022.	Substantial	0	0	3	0	July 2022
Counter Fraud and Corruption	SNC2206	8	8	8	Final report issued on 31 January 2022.	Limited	2	7	2	0	March 2022
COVID-19 Business Grants	SNC2210	8	8	8	Final report issued on 11 October 2021.	Reasonable	0	0	3	0	January 2022
TOTAL		34	34	34							
Quarter 3											
Annual Governance Statement	SNC2203	8	8	8	Final report issued on 4 February 2022.	Substantial	0	0	3	0	March 2022
Accounts Receivable	SNC2207	10	10	10	Draft report issued 5 July 2022	Limited	1	2	2	1	July 2022
Income	SNC2208	8	8	8	Draft report issued 7 July 2022	Reasonable	0	3	3	0	July 2022
Accountancy Services	SNC2209	15	15	15	Final report issued on 26 April 2022.	Reasonable	0	2	1	0	July 2022
TOTAL		41	41	41							
Quarter 4											
Key Controls and Assurance	SNC2201	15	15	15	Draft report issued 5 July 2022	Reasonable	0	3	4	0	July 2022
Big Sky	SNC2204	10	10	8	Draft position statement	Position Statement					
Homelessness & Housing Options	SNC2211	10	10	10	Final report issued on 15 June 2022.	Reasonable	0	4	1	0	July 2022
Food Safety and Licencing	SNC2212	10	10	10	Draft report issued on 7 June 2022.	Reasonable	0	2	2	0	July 2022
Council Tax Discounts and Exemptions	SNC2215	0	10	10	Final position statement issued 7 June 2022	Position Statement					July 2022
TOTAL		45	55	53							
IT Audits											
Cyber Security	SNC2213	10	10	8	Draft report in preparation.						
Disaster Recovery	SNC2214	10	10	10	Final report issued on 19 April 2022.	Limited	3	4	1	0	July 2022
TOTAL		20	20	18							
Follow Up											
Follow Up	N/A	12	12	12							
TOTAL		12	12	12							
TOTAL		152	162	158			6	29	26	1	
Percentage of plan completed				98%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of SNC/BRD2209 Accountancy Services

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Treasury Management	0	0	1	0
Journal Entries, General Ledger Maintenance	0	2	0	0
Total	0	2	1	0

SCOPE

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

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous report on Accountancy Services for South Norfolk Council (SNC) was issued in February 2020 (SNC/20/07), with a 'Reasonable' assurance having raised two 'Important', five 'Needs attention', and one 'Operational' recommendations. The previous report on Accountancy Services for Broadland District Council (BRD) was issued in January 2020 (BRD/20/03), with a 'Reasonable' assurance having raised one 'Important', and three 'Needs attention' recommendations. This indicates a positive direction of travel since the previous audit in this area.

POSITIVE FINDINGS

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

- The Treasury Management Strategy is sufficiently detailed and clearly identifies how it meets the requirements of the Code of Practice and the Prudential Code. This helps direct investment activities undertaken by the Council.
- All investments were approved and the transfer of funds were fully documented showing approval in line with delegated responsibility. This helps ensure that all investments have undergone due diligence and have been authorised prior to investment.
- Regular meetings are being undertaken with budget holders to monitor the budget position, with appropriate evidence maintained. This helps ensure budget holders maintain full awareness of the budget position, and execution in accordance with approved budgets.
- All virements tested were properly authorised and within limits set out in the standing orders. This provides assurance of separations of duties, reducing risk of loss to the council.
- The Payroll control accounts/payroll system is reconciled to the general ledger, with reconciling items identified, investigated and promptly resolved. These reconciliations are signed and dated by the preparer and by an independent reviewing officer. This provides effective control against any anomalies in the general ledger and payroll system and reduces the risk of the misappropriation of funds
- All items on the asset register have been appropriately valued by an independent company, ensuring the accuracy of the Council's assets. Evidence of the valuation is retained on file.

ISSUES TO BE ADDRESSED

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

Journal Entries, General Ledger Maintenance

- System access review to be completed for both councils. Following completion, reviews to be undertaken at regular intervals.
- Broadland - The preparer and reviewer name and date to be recorded on each reconciliation. Reconciliations lacking these sign-offs to be completed retroactively.

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

Treasury Management

- Joint policies to be written for all main accountancy areas. These policies should include version control dates written, dates approved and who approved by. All policies should be reviewed to ensure that they are complete and subject to approval.

Operational Effectiveness Matters


There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which one remains outstanding. This recommendation has been superseded by recommendation 3 raised within this audit, the control issues are still present but the recommendations have been expanded and modified to reflect the testing results and current situation.

Assurance Review of SNC/BRD2214 Disaster Recovery

Executive Summary

OVERALL ASSURANCE ASSESSMENT	ACTION POINTS																																													
 <p>The diagram shows a central orange circle labeled 'LIMITED ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red). The 'LIMITED ASSURANCE' bar is highlighted.</p>	<table border="1"> <thead> <tr> <th>Control Area</th> <th>Urgent</th> <th>Important</th> <th>Needs Attention</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>DR Provision for New Systems</td> <td>1</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>DR Plans and Testing</td> <td>2</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>IT Risk Management</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>Sharing DR Services</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>DR staffing and Skills</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>Recovery Time Objectives</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>Room access control</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Total</td> <td>3</td> <td>4</td> <td>1</td> <td>0</td> </tr> </tbody> </table>	Control Area	Urgent	Important	Needs Attention	Operational	DR Provision for New Systems	1	0	0	0	DR Plans and Testing	2	0	0	0	IT Risk Management	0	1	0	0	Sharing DR Services	0	1	0	0	DR staffing and Skills	0	1	0	0	Recovery Time Objectives	0	1	0	0	Room access control	0	0	1	0	Total	3	4	1	0
Control Area	Urgent	Important	Needs Attention	Operational																																										
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DR staffing and Skills	0	1	0	0																																										
Recovery Time Objectives	0	1	0	0																																										
Room access control	0	0	1	0																																										
Total	3	4	1	0																																										
<p>SCOPE</p> <p>A limited assurance grading was issued in 2019/20 at SNC in relation to disaster recovery controls. At Broadland a reasonable was given. This review will confirm that the improvements suggested during these reviews have been embedded and provide assurance that investment to improve resilience at both Councils is on track and is being well managed.</p>																																														

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'urgent', four 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work. A limited assurance grading was issued in 2019/20 at South Norfolk in relation to disaster recovery controls. At Broadland a reasonable was given. A recent disruptive incident and subsequent delayed recovery at Broadland highlighted this area as remaining at a high risk. The 2019/20 audit recommended improvements in DR testing, DR capabilities for new systems, Recovery Time Objectives (RTO) and physical access. The 2021/22 audit review focussed on measures in place for the mitigation of the risk of disruption incidents, and the current processes for disaster recovery arrangements and recovery testing.
- It should be noted that all recommendations and observations raised in this report apply equally to both Councils to help provide a way forward to delivering a successful outcome for Disaster Recovery support'. All references to Council or Councils should be assumed to mean both Councils.

POSITIVE FINDINGS

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

- Senior Management have undertaken a post incident review and have identified a number of recommendation for implementation, including the need to ensure that an appropriately experienced member of the ICT & Digital team is overseeing/caretaking any third parties working in the Data Centre.
- It was noted that data centre sites have adequate physical security including CCTV.
- When 3rd Party Contractors visit data centre sites, they are accompanied and signed into a visitor log.
- It has been noted that support for Disaster Recovery processes is an explicit part of the infrastructure refresh programme.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings three 'urgent' recommendations have been made.

Disaster Recovery (DR) provision for New Systems

- DR provision to be considered for new systems.

DR Plans

- Council DR Plans to be reviewed, updated, communicated and tested.

DR Testing

- Both of the Councils' DR Plans to be tested and documented on a regular basis using a risk-based test plan.

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

IT Risk Management

- A formal IT risk assessment to be conducted to assess potential DR scenarios at both Councils.

Adequacy of DR Provision

- Sharing of DR services between the Councils to be formalised.
- A review needs to be undertaken to ensure that appropriate Council staff across both Councils have DR responsibilities and that relevant post holders are upskilled as needed.

Alignment with Business Continuity Plans

- Recovery Time Objectives (RTO) need to be defined for the new systems across both Councils.

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

Changing of the door lock code at Wymondham

- There is a need to implement a process whereby the key code to the door lock to the DR suite located in Wymondham Leisure Centre is changed on a periodic basis, in particular after personnel with knowledge of the code leave either Council or take up a new role that does not require this knowledge.

Operational Effectiveness Matters


There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which one remains outstanding. It is a priority 3 recommendation relating to lessons learned documentation that has been superseded by the recommendations raised within this audit.

Assurance Review of the SNC/BRD2211 Homelessness & Housing Options

Executive Summary

OVERALL ASSURANCE ASSESSMENT	ACTION POINTS																							
 <p>The diagram shows a large yellow circle labeled 'REASONABLE ASSURANCE' with a blue border containing the text 'Adequate & effective governance, risk and control processes'. To the right are four horizontal bars representing assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<table border="1"> <thead> <tr> <th>Control Area</th> <th>Urgent</th> <th>Important</th> <th>Needs Attention</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>Housing Register</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>Public Sector & Temporary Accommodation</td> <td>0</td> <td>3</td> <td>1</td> <td>0</td> </tr> <tr> <td>Total</td> <td>0</td> <td>4</td> <td>1</td> <td>0</td> </tr> </tbody> </table>				Control Area	Urgent	Important	Needs Attention	Operational	Housing Register	0	1	0	0	Public Sector & Temporary Accommodation	0	3	1	0	Total	0	4	1	0
Control Area	Urgent	Important	Needs Attention	Operational																				
Housing Register	0	1	0	0																				
Public Sector & Temporary Accommodation	0	3	1	0																				
Total	0	4	1	0																				
<p>SCOPE</p>																								
<p>The audit covered strategies, policies and procedures; housing register; assessment of homelessness applications; public sector and temporary accommodation; Domestic Abuse Act; and Management and monitoring of the current SLA.</p>																								

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of four 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- Homelessness and Housing Options was last reviewed at South Norfolk Council in 2019/20, (SNC2005) where a reasonable assurance was concluded, with all three 'important' recommendations having been addressed by management.
- Homelessness and Housing Options was last reviewed at Broadland District Council in 2019/20, (BRD2006), where a limited assurance was concluded, with one 'urgent', five 'important' and one 'needs attention' recommendations having been addressed by management.

POSITIVE FINDINGS

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

- The Greater Norwich Homelessness Strategy 2020-25 (Broadland, Norwich City and South Norfolk Councils) is available on the Broadland District Council (BDC) and South Norfolk Council's (SNC) joint website. The Strategy focuses on the determinants of homelessness and how the Councils can strengthen the prevention of homelessness duties.
- The BDC and SNC Allocation Schemes aim to reduce the use of temporary accommodation for homeless applicants and to assist with prevention by making customers aware of their potential housing choices and the alternative options available to them.
- Applicants on the BDC and SNC housing registers are assessed in accordance with the Allocation Schemes to ensure their eligibility and priority need prior to being added to the BDC and SNC housing registers.
- Available properties are awarded to successful bidders to ensure fair distribution of limited available accommodation.
- Homelessness Decision Reports are reviewed by another Housing officer other than the one who carried out the initial assessment to ensure fairness and accuracy of the assessment.
- Housing benefit claims are processed for applicants in a timely manner and accounted for within the service to ensure appropriate allocation of BDC and SNC's resources.
- Monthly meetings are held with the BDC and SNC's four largest landlords where cases that could result in homelessness are discussed to ensure actions to prevent homelessness are put in place as appropriate.

- BDC and SNC follow guidelines set out in the Homelessness Code of Guidance to ensure adequate assessment, advice and support is provided to Domestic Abuse (DA) victims.

ISSUES TO BE ADDRESSED

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

Housing Register

- A dashboard of the caseload management, including the backlogs and progress towards reducing them, along with the competing priorities of the team to be produced and monitored on a monthly basis.

Public Sector and Temporary Accommodation

- As part of the quality checking of case management, the completion and recording of temporary accommodation tenant visits to be included, with outcomes to form part of the staff one to one meetings.
- The Council to use electronic web forms for signing temporary accommodation consent forms. These could be issued at the time of assigning accommodation and would filter into the team's electronic caseload system, prompting follow up and action to be taken.
- The Council to use electronic web forms for temporary accommodation tenancy agreements. These could be issued at the time of assigning accommodation and would filter into the team's electronic caseload system, prompting follow up and action to be taken. Existing tenants without an agreement to be identified and included within this process.

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

Public Sector and Temporary Accommodation

- Invoices received from temporary accommodation landlords should be checked against the tenancy agreement for accuracy to prevent loss of income to the Council.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous internal audit reports for Homelessness and Housing Options (SNC2005 and BRD2006) were issued in 2019, which concluded in 'Reasonable' and 'Limited' assurance opinions respectively. Three 'important' recommendations were raised for the SNC review while one 'urgent', five 'important' and one 'needs attention' recommendations were raised for the BDC review. All of the previous recommendations have been addressed by management.

Assurance Review of the SNC/BRD 2205 - Corporate Health and Safety

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Roles and Responsibilities	0	0	1	0
Inspection programme	0	0	1	0
Engagement with Specialist Support	0	0	1	0
Corporate Health and Safety Training	0	0	0	0
Total	0	0	3	0

SCOPE

Scope: This review was deferred from 2020/21 to respond to Covid-19. A Medium High risk has been raised in the strategic register in relation to the risk of a major incident occurring. Norfolk County Council currently provides health and safety related advice and support. Our review provides independent assurance over the controls in place to mitigate this risk such as; key roles and responsibilities, inspections and reporting to provide assurance that the service is operating effectively. Our review also examined the adequacy of procedures in relation to lone working and the dangerous persons register.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'needs attention' recommendations being raised upon the conclusion of our work.
- A direction of travel is not applicable since the areas under scope across the two Councils and the performance system have not previously been subject to an internal audit review.

POSITIVE FINDINGS

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

Roles and Responsibilities

- The Health and Safety Committee is well attended with representation across key areas. Meeting minutes are recorded and displayed on the Councils website for 12 months. Meetings are held quarterly or when necessary to fulfil function demands.

Inspection Programme

- Corporate Covid-19 assessments have been undertaken across the councils and are available centrally on the intranet. Comprehensive guidance notes and pro forma are also available.
- A review of the Thorpe Lodge and South Norfolk House risk assessment records confirmed appropriate cyclical testing.

ISSUES TO BE ADDRESSED

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

Roles and Responsibilities

- The Health and Safety Committee Terms of Reference to be updated in line with current practices and add a reference to the individual roles and responsibilities in the job descriptions for transparency.

Inspection Programme

- Management to ensure that Fire Risk Assessments are recorded and actions required as a result are monitored until completion.

Engagement with Specialist Support

- The Council to notify the contractor that the SLA in place with Norfolk County Council is not appropriately signed and ensure that contractual agreements of this nature are signed by the Director of Resources.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

No previous audit recommendations to review.

Additional Finding

- Audit investigations confirmed that there is no centrally governed programme for inspections/assessments for all Council offices maintained. It is understood that health and safety is delegated and managed locally which is reasonable therefore a recommendation has not been raised. A programme of work with a rolling action list that includes locally managed inspections and assessments is reported to the Health and Safety Committee quarterly and reviewed annually to provide oversight of health and safety progress. The appointed consultant submits the Health and Safety Monitoring Report to track and monitor compliance.
- Discussions with staff and audit fieldwork confirmed that whilst a Council wide assessment has been undertaken, there has been no service-based risk assessment during the Covid-19 pandemic. Management has identified the need for this and are incorporating this into their workplan and therefore a recommendation has not been made but notice must be given that the risk assessments have not yet been carried out.

DRAFT Assurance Review of SNC/BRD2212 Food Safety and Licencing

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policy and Procedures	0	0	1	0
Licensing	0	2*	0	0
Food Safety	0	1*	0	0
Health and Safety	0	1*	1	0
Total	0	2	2	0

*One recommendation applies to all of these areas.

SCOPE

This area was deferred from the 2020/21 Plan to allow for urgent Covid-19 audit coverage. This area was last reviewed in 2016/17 at SNC and 2018/19 at BDC and focused on licensing and food safety, where a reasonable assurance grading was given to both Councils. This audit revisited these controls at both Councils now that this area has come together as one team to provide assurance that licensing and Food Health and Safety at work regulation and enforcement controls are operating effectively.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audits of this area at both Councils, undertaken in September 2016 at South Norfolk and September 2017 at Broadland, each concluded in a 'Reasonable' assurance opinion, indicating that the level of control has been maintained.

POSITIVE FINDINGS

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

- Licensing complaints are investigated promptly with appropriate action taken, to ensure licence conditions are being adhered to.
- Licence fees are reviewed every year to ensure that they are set on a cost recovery basis.
- Licence fees payments are recorded on the application, to ensure that licences are not issued until the correct fee has been received.
- Food hygiene work is being prioritised in accordance with the FSA's Recovery Plan, to ensure that the highest risk businesses are targeted first.
- All food hygiene inspections are conducted in accordance with the food hygiene rating scheme and the FSA's Brand Standard, with outcomes notified to businesses, to ensure consistency and transparency in inspections.
- Food businesses that are rated 3 or below (not 'broadly compliant') are reinspected and followed up, to ensure that issues are satisfactorily addressed.

ISSUES TO BE ADDRESSED

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

Licensing

- Licence registers and licence fees be published on the Councils' website.

Licensing, Food Safety and Health and Safety

- All relevant documents be uploaded and linked to records on Uniform and Flare.

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

Licensing, Food Safety and Health and Safety

- Procedure notes and work instructions be updated to reflect new processes as these are agreed.

Health and Safety

- All RIDDOR reports to be recorded on the Councils' systems.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audits of this area at Broadland and South Norfolk were undertaken in 2016/17 and 2017/18 respectively. Three recommendations were raised in each of these audits, all of which have since been confirmed as implemented.

Other points noted

- There is currently a backlog of work for animal licensing due to other priorities during the Covid-19 response. A dedicated Animal Licensing Officer joined the team in October 2021 and is working through this backlog. This includes undertaking planned inspections and responding to reports of potential unlicensed premises, which have been prioritised on a risk basis.

The service was significantly disrupted by the Covid-19 pandemic, particularly in terms of food safety, as businesses were closed at times and officers were required to undertake additional Covid-focused work. This caused delays with both routine programmed inspections and inspections of new businesses. This is a national issue and the Food Standards Agency published a Recovery Plan, which the Councils are working to. The Recovery Plan requires prioritisation of interventions and has milestones for when inspections of businesses in various risk categories need to be brought up to date. The Councils achieved the first milestone by the deadline of 31st March 2022 and is on track to meet the remaining deadlines.

Risks

As part of the audit, the key risks facing the service, and the controls in place to reduce these risks, were considered.

- Failure to deliver statutory services. The Councils have statutory responsibilities for food, safety and licensing in the districts and there is a significant reputational risk if these are not delivered. The Councils are prioritising work accordingly, to ensure that the focus is on delivering essential services. As noted in the previous section, the Councils are working to the FSA's Recovery Plan to clear the backlog of work caused by Covid-19 in a risk-based order. No issues in relation to the delivery of statutory responsibilities were noted during the audit.
- Consistency. Due to the formation of the single officer team for the two Councils, there is a risk of inconsistency of approach between the two districts. No consistency issues in terms of approach or outcomes were noted during the audit.
- Staffing. The team consists mostly of experienced officers who know their districts well. This poses a risk of loss of institutional knowledge and difficulty in replacing officers if any were to leave, although this risk is difficult to mitigate. The team currently has two apprentice Environmental Health Officers, to provide a pathway for training and recruitment of new officers. An additional staffing risk relates to the capacity of the team, which currently includes one fixed term Environmental Health Officer and a contractor in Licensing. When these officers leave, there is a risk that the team will not have sufficient capacity to deliver statutory work or resume proactive work, which is not currently happening. This risk has been recorded in the Place directorate risk register, with current controls being staff secondment, use of contractors and the planned service review.
- System migration. The service is in the process of transitioning from using two computer systems to one. There is a plan in place for ensuring that all the data from Flare is migrated to Uniform and resources for this are accounted for. However, there is a significant amount of data for Broadland in hard copy files and it has not currently been decided what is going to happen with these, for example whether they will be scanned or retained in their current form. If they are to be scanned, there is currently no capacity within the team to undertake this work which could result in a proportion of the records used to manage the service being held in paper form, undermining the efficiency of the service and objectives of the project.

Draft Assurance Review of Accounts Receivable Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies and Procedures & security of the system	0	0	1	0
Raising of sundry debtors	0	1	1	0
Credits, refunds, and transfers	0	0	0	1
Recovery and write-off of outstanding debt	1	1	0	0
Total	1	2	2	1

SCOPE

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

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'urgent', two 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out a matter identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
- The previous report on Accounts Receivable for South Norfolk Council (SNC) was issued in March 2020 (SNC/20/08), with a 'Reasonable' assurance having raised two 'important' and one 'needs attention' recommendations. The previous report on Accounts Receivable for Broadland District Council (BDC) was issued in 2019, with a 'Substantial' assurance having raised no recommendations. This indicates a negative direction of travel since the previous audit in this area.

POSITIVE FINDINGS

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

- The invoice requisition process is built into the finance system, minimising the risk of incorrectly raised invoices. Testing showed 100% compliance.
- All invoices are generated on Council headed paper and include payment instructions as well as terms and conditions.
- SNC- The finance system requires that separation of duties in set up, and it also requires approval of both invoice and credit notes. 100% check was undertaken, and no issues were identified.
- Customer Numbers and ID were tested for possible duplication and there were no issues raised.
- Sample testing verified that credit notes were accurately raised against the initial request, and appropriately authorised.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings one 'urgent' recommendation has been made.

Recovery and write off of outstanding debt

- Sundry Debt reports to be run and reviewed regularly, with action taken as appropriate. Additionally, a plan should be developed to address the backlog of aged debts that has accrued (over £716,000 in debt aged greater than 150 days between both Councils, as of 31st March 2022), with progress against the plan monitored.

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

Credits, refunds and transfers

- Review of system controls to be completed to verify if there is a means of preventing duplicate Invoice/Credit Note document numbers being raised automatically.

Recovery and write off of outstanding debt

- Both Councils to take all steps to recover outstanding debts, including legal action, with documented decisions and rationale maintained for individual debts.

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

Policies and Procedures & security of the system

- Corporate Debt Collection Policy, Principles and Procedure to be revised to include date written, who it was approved by, and specific details in relation to recovery of debts for example when specific recovery action should be taken/escalated, and who is responsible for the recovery actions.

Raising of sundry debtors

- BDC only- Management to implement controls to ensure separation of duties in the raising and approving of invoices.

Operational Effectiveness Matters

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

- Management to consider adding credit note approval to system controls in the same way as invoice approval.

Previous audit recommendations

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

Other Points Noted

While not implemented for consideration in our audit, Management have stated that a post for a Financial Transactions Supervisor is being created. Debt recovery is anticipated to be one of the key responsibilities of this post, in order to address the aged debt that has accumulated while recovery actions have been paused.

Draft Assurance Review of Key Controls and Assurance

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Accounts Payable	0	1	2	0
Payroll	0	0	2	0
CTAX and NNDR	0	2	0	0
Total	0	3	4	0

No recommendations have been raised in respect of Housing Benefit.

SCOPE

This audit covers an annual review of key controls that feed into the Statement of Accounts, for those systems that are not subject to an audit review within the 2021/2022 audit plan.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and four 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audits of Key Controls for both Councils in 2021 (SNC and BRD 21/08) also concluded in a 'Reasonable' assurance opinion, indicating that the level of control has not changed.

KEY FINDINGS

Key Controls Testing

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

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

- Accounts Payable
- Payroll and Human Resources
- Housing Benefit and Council Tax Support
- Council Tax and National Non-Domestic Rates

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

- Accountancy Services (SNC2209 / BRD2209)
- Accounts Receivable (SNC2207 / BRD2207)
- Income (SNC2208 / BRD2208)

ISSUES TO BE ADDRESSED

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

Accounts Payable

- Reconciliations of purchase order authorisers against the signatory list be undertaken on a quarterly basis. Any purchase orders authorised outside of the authorisation list to be validated and either the list updated or further investigation into the individual authoriser. (Both Councils)

CTAX and NNDR

- The NNDR rural settlement relief biannual review to be undertaken for 2020-2022. (South Norfolk)
- The CTAX and NNDR System to be reconciled to the general ledger on a monthly basis, documented and subject to independent review. (Broadland)

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

Accounts Payable

- Copies of all supporting information, such as invoices, to be retained within the audit trail. (Broadland)
- To ensure all information provided on new supplier forms are included on the system. (Both Councils)

Payroll

- A review of the pay run to payslip variance exception to be undertaken, to ascertain the root cause for the highlighted discrepancy. All such discrepancies to be checked, amended where relevant and recorded. (South Norfolk)
- Salary sacrifice agreements must be obtained and retained on file for the duration of the salary sacrifice, or positive returns agreed and provided from the payroll provider that they have signed agreements on file. (Both Councils)

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit of Key Controls at Broadland District Council and South Norfolk Council (BRD and SNC/20/08) was undertaken in March, to May 2021, providing a Reasonable assurance rating. The audit raised two important and four needs attention priority recommendations relating to the general ledger, accounts receivable and income. All have been confirmed as implemented.

Other Points Noted

Debt Recovery following the automated processes within the Finance team for Broadland District Council and South Norfolk Council was restarted after Covid-19 in January 2021 and ceased again throughout the financial year 2021/22.

Draft Assurance Review of Income Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Documented Procedures	0	0	1	0
Receiving	0	0	2	0
Income	0	1	0	0
Banking	0	1	0	0
Reconciling Income	0	1	0	0
Total	0	3	3	0

SCOPE

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

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous report on Accounts Receivable and Income for South Norfolk Council (SNC), was issued in March 2020 (SNC/20/09). The audit was awarded 'Reasonable' assurance and raised two important and one needs attention recommendations. The recommendations do not relate to income. The previous report on Income for Broadland District Council (BDC) was issued in January 2020, with a 'Substantial' assurance having raised one 'needs attention' recommendation. This indicates a negative direction of travel since the previous audit in this area.

POSITIVE FINDINGS

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

- Clear payment guidance is available to the public to make payment for services. A number of different payment methods are available including online and by phone.
- Insurance cover is in place with Protector Insurance for monies held and transported, to ensure both councils are covered, thereby preventing the risk of financial loss.
- A sample of 10 payments were reviewed from SNC and BDC to verify that each had been provided a unique reference number, a receipt was in place, the audit trail was adequate and that amounts were promptly banked. All cases were found to be satisfactory
- Sample testing of cheque payments verified that the sampled cheques were entered into the income system and appeared on the cheque log.
- Sample testing determined that daily reconciliations of bank statements and income accounts are undertaken, with any discrepancies documented and addressed.
- SNC- Monthly bank reconciliations were completed timely, reconciled, and independently signed and reviewed by management.

ISSUES TO BE ADDRESSED

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

Banking

- BDC- Bank charge reconciliations to be completed within the month end accounting cycle and reviewed no later than 30 days following month-end shut down.

Income

- Both Councils- Management to implement controls to ensure exception/suspense account reports are run daily and promptly investigated, with evidence of their completion maintained.

Reconciling Income

- BDC- Management to implement controls to ensure that monthly bank reconciliations are completed, independently prepared, and authorised within 30 days of month end.

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

Documented Procedures

- Both Councils- Procedures to be produced to reflect the fact both councils are working as one team with a new income system to ensure that all staff are aware of the correct processes to follow.

Receipting

- Both Councils- Management to implement controls to ensure daily receipts are reviewed in a timely manner, with the reports being produced and reviewed by separate members of staff to maintain separation of duties.
- SNC- Suspense Cheque Log to be reviewed at defined intervals to ensure banked cheques have been removed accordingly.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

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