Internal Audit Progress Report

November 2022

1.   Introduction

1.1   The Public Sector Internal Audit Standards (the Standards) require the Audit & Governance Committee to oversee the performance of the Internal Audit Team and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the Internal Audit service.

2.   Performance

2.1   The Internal Audit team is working on the delivery of the planned audit assignments for 2022/23. At the time of reporting, 31% of the assignments for delivery by the Internal Audit team are completed to final or draft report stages. A further 34% is in fieldwork stages and 25% in subject to planning work. All 2022/23 audit assignments have been allocated to an auditor.

2.2   A full copy of the current audit plan is provided as Table 3, on pages 13 to 19 of this report.

3.   Key findings

3.1   Since the last meeting of the Audit & Governance Committee, finalised reports have been issued in respect of seven audit assignments – including one audit from the 2021/22 audit plan which was led by West Northamptonshire Council. The key findings arising from those audits are summarised as follows:

Direct payment monitoring

Direct payments are provided to individuals to enable them to pay for their own social care arrangements, including personal care, day care and daily living equipment. The payments enable people to take control over their care planning, giving them choice over the way their needs are met. With such an approach, a risk exists that monies are not used for their intended purposes. Between April 2021 and early July 2022, £17 million has been paid through direct payments, with over 800 clients currently receiving a direct payment.

The Council has developed a robust control environment covering direct payments based around:

- A well written and easy to understand agreement between the Council and client that clearly defines the direct payment process and roles and responsibilities of both parties.
- Automated workflow processes / reminders that underpin key activity including setting up new direct payments, changes to direct payments and monitoring of spend.
- The recent introduction of pre-payment cards for new clients provides the Council with real time access to data and makes it easier to recover unused funds as they remain under the control of the Council.
- Effective processes to ensure appropriate action is taken in response to issues (i.e. inappropriate spend, unused monies) identified through monitoring of spend.

The review found good compliance with all aspects of the direct payment process including the setting up and amendments of direct payments, monitoring of spend and subsequent action taken in response to issues identified. The review did, however, identify scope for improving processes and monitoring on outstanding debts.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
Control Environment	🟢	Good
Compliance	🟢	Good
Organisational Impact	🟢	Minor

Home to School Transport (2021/22 audit led by West Northamptonshire Council)

The Council has a statutory duty to make such travel arrangements as is considered necessary to facilitate attendance at school for eligible children. This includes:

•   Providing free transport for all pupils of compulsory age (5-16 years) if the nearest suitable school is beyond a set distance.
•   Make transport arrangements for all children who cannot reasonably be expected to walk to school because of their mobility problems or because of associated health and safety issues.

This is a hosted service, covering both WNC and NNC. There are over 800 individual contracts in place at any one time and the annual cost of the service over the last 3 years is summarised below:

Financial year	Budget £	Actual £	Variance £
2020/21 *	18,077,366	17,993,058	(84,308)
2019/20	18,022,366	17,862,523	(159,843)
2018/19	17,149,366	17,498,925	349,559

*Note: 2020/21 figures exclude £2,158,260 of expenditure which was funded by the Home to School Covid19 grant.

Based on the audit findings, the assurance given to the system design was Satisfactory as overall testing and discussions with key officers found that there are clearly documented Home to School Transport policies, Codes of Conduct and related guidance in place, which set out arrangements for the transport services and outlined roles and responsibilities of various stakeholders.

However, Home to School Transport policies did not outline the escalation/complaints process, and this process was not clearly signposted on the 'School Travel Assistance' pages of the Council's website, which is not in line with the current legislative requirements. Further, at the time of the audit, there was limited cooperation between the Home to School Transport and Taxi Licensing Service Teams and the few processes in place where the team's shared information was not documented.

Based on the audit findings, the level of assurance given to compliance is Limited. Audit testing identified several weaknesses and non-compliance with the established policies and procedures, including:

•   the annual audits of transport providers to confirm their suitability to be delivering services for the Council were not completed in a timely manner. Upon further enquiry, the team have acknowledged that this is mainly due to the team's capacity and lack of operator cooperation.
•   safer recruitment training for key staff at each operator and safeguarding awareness training for all drivers and PAs has not been delivered, which is not in line with the

requirements are set out within the DPS Service Specification and Supplier Agreement documents.

- monthly management information has not been agreed or provided by the operators
- regular meetings with operators have not been taking place.
- inconsistencies were noted in the way the spot checks and complaints forms were completed.
- it was unclear whether actions were followed up appropriately due to inadequate record keeping.

From discussions with key officers, the auditors noted that one of the major challenges for the Home to School Transport team is capacity. At the time of the audits, the team consisted of two Compliance Officers after recently losing a part time member of staff. There are potential opportunities to be explored and evaluated around greater collaboration with the Taxi Licensing Service Team.

The organisational impact of the findings is assessed as Major as the weaknesses identified during the review have left the Council open to significant risks. Annual audits were not completed consistently on operators, no management information was being provided in relation to the service provision, spot checks and complaints records were not consistent and actions were not always followed up in timely manner. If the risks materialise it would have a major impact upon the organisation as a whole.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion	
Control Environment	🟡 Satisfactory
Compliance	🔴 Limited
Organisational Impact	🔴 Major

Fees and charges

The Local Government Act 2003 included a general power for local authorities in England and Wales to charge for discretionary services. Charges made under this power are limited to cost recovery. Where charges are made for services, users pay directly for some or all of the services they use. Where no charge is made (100% subsidy), or where charges do not recover the full cost of providing a service, costs are born by the General Fund to subsidise users. The Council has to balance maximising income generation and recovering costs whilst encouraging potential users to take up the services offered. Following the unification of four former authorities to create North Northamptonshire Council (NNC), work has been undertaken to harmonise fees and charges across the legacy organisations where this is appropriate and that work is ongoing.

The scope of the audit was to provide assurance over compliance with statutory fees and charges and informed decision making on discretionary charges.

In overall terms, the audit concluded that statutory fees and charges are set in line with legal obligations and national government charging policy, with clearly defined roles and responsibilities for implementing this guidance accurately across the authority. There is a Fees and Charges Policy to encourage a consistent approach to setting, monitoring and reviewing fees and charges across the authority, but this requires review and formal approval. The budget setting process provides a framework for the review of fees and charges and there is a general expectation that income will match the costs of delivering

most discretionary services. However, in audit testing, there was no clear audit trail to demonstrate how the fee level has been calculated or the proportion of costs that are expected to be recovered. The audit reviewed a sample of fees and charges across all directorates and a range of services delivering fee paying services, with specific focus on bereavement services. The review noted that not all fees and charges were uplifted for 2022/23 but Executive leads approved all changes in line with the Council's Constitution. It was noted that the fees and charges booklet is provided on the Finance area of the website and linkages to this, in the promotion / details of specific services, could be better promoted, to ensure service users are suitably informed on associated charges.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion	
Control Environment	🟡 Satisfactory
Compliance	🟡 Satisfactory
Organisational Impact	🟢 Minor

Procurement compliance – rolling audit coverage

The Council's Contract Procedure Rules (CPRs) define, based on procurement thresholds, the activity required to ensure probity and value for money when procuring goods, works or services. If these rules are not followed, there is a risk of failure in maximising value for money from the purchase and the Council may be exposed to a risk of challenge from unsuccessful suppliers. Internal Audit is conducting rolling audit reviews on procurement compliance this year. This is the first report on audit coverage in 2022/23.

Overall, an effective control environment is in place to support procurement including policy and procedures, training, checks by Procurement at stages of the purchasing process and reminders to ensure timely action is taken by officers when contracts are coming to an end. The review has, however, identified a number of improvements are required in respect of:

- The CPRs are sufficiently detailed and clear in many areas, but certain aspects would benefit from further clarification. Likewise, the training available to staff appears largely comprehensive but would benefit from being better targeted to those that need it and expanded to cover the Contract Register.

- Inbuilt validation checks within ERP Gold around new suppliers are largely effective, except that the new supplier request process needs amending to require total contract value to be provided, rather than annual cost, to align better with the CPRs.

- ERP Gold system validation rules refer all requisitions not linked to a contract over £500K to the Procurement Team for review and approval. Updates to the Contract Register encompassing new or amended contracts with a value of £500K are also referred to the Procurement Team via the system. However, these values appear disconnected from the key value thresholds and decision points in the CPRs and, thus, appear to be of limited value, given the value of such transactions and the fact that non-compliance identified was in lower value transactions.

- The organisation is publishing information on contracts on its website, in line with the Transparency Code, although the results of sample testing around accuracy and completeness of the Contract Register highlighted inaccuracies in some of the information published.

In terms of the compliance, the review found good compliance generally with the Council's CPRs but sample testing identified one contract (£70K) which was not awarded in accordance with CPRs.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion	
Control Environment	🟡 **Satisfactory**
Compliance	🟢 **Good**
Organisational Impact	🟢 **Minor**

IT Access controls

Services delivered by North Northamptonshire rely heavily on IT systems and electronically held data. The security of these systems and data is therefore a key requirement that underpins all of the Council's activities.

North Northamptonshire's IT infrastructure is based on the IT systems that were in place in the four predecessor District/Borough Councils. This audit covered IT infrastructure hosted by the Council only.

Guidance issued by the National Cyber Security Centre (NCSC) on identity and access management for IT systems focusses on five key themes that have formed the basis for this audit. These are as follows:

- IT security policy
- Identity management
- Privileged user management
- Architectural design
- Operations & monitoring

In overall terms, the audit concluded that physical security to all sites is good - IT staff and server rooms are key-card controlled and secure. In addition, there are a set of policies around Information Security; work has been undertaken to produce a comprehensive list of applications; and there is a process to control access permissions. All users also have a unique identifier as is best practice, allowing any actions by a user to be clearly identified. A number of actions are underway to further improve the control framework operating across the four localities to ensure that access to systems and data is robustly protected.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion	
Control Environment	🟡 **Satisfactory**
Compliance	🟡 **Satisfactory**
Organisational Impact	🟡 **Moderate**

Cyber security

Robust arrangements for establishing, developing and maintaining cyber security are fundamental to delivery of the Council's corporate objectives. Cyber security arrangements are intended to protect the cyber environment of the Council. This environment includes users; networks; devices; all software; processes; information in storage or transit; applications; services and systems that can be connected directly or indirectly to networks. The principal objective of cyber security is to reduce the risks of cyber-attack.

The audit was based on guidance from the National Cyber Security Centre (NCSC) and highlighted a number of areas where controls have been strengthened in the last year. The Council operates a multi-layered defence, including perimeter defences (firewalls), anti-virus protection that includes heuristic as well as signature detection, and levels of network intrusion detection and monitoring. An action plan has been agreed in relation to ongoing work to further strengthen the control framework – the details of which are handled as confidential for security purposes. This audit covered IT infrastructure hosted by the Council only.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion	
Control Environment	● Satisfactory
Compliance	● Satisfactory
Organisational Impact	● Moderate

Ethical governance – Values (consultancy review)

The Council must ensure that there is an appropriate ethical and corporate governance framework in place to ensure that all Members and officers (known as public office holders) comply with the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, leadership).

Work is currently ongoing to fully embed the Council's ethical and corporate governance framework. For this reason it was been agreed that Internal Audit would deliver an advisory piece of work to review the work currently being undertaken by the Values and Behaviours Working Group to develop and embed the five Values (Customer Focussed, Respectful, Efficient, Supportive, Trustworthy) and associated Behaviours that underpin the Council's Vision for North Northamptonshire to be a place where everyone has the best opportunities and quality of life.

The review confirmed that a comprehensive consultation process has been followed to develop the Council's Values and associated Behaviours, which has been driven by the Values and Behaviours Working Group. The work of the group has been regulated by the production of a Definition Report at the outset of the project to develop the Council's Values and Behaviours, which essentially acts as a terms of reference for the project. It was also confirmed that the tasks and actions taken by the working group have been monitored using a Project Tracker. Review of these documents highlighted a number of tasks that were either not included in the Definition Report and/or the Project Tracker. Implementation of the recommendations agreed following this review should strengthen the processes now being developed to fully embed the Council's Values and Behaviours.

4.   Audits of key financial systems 2021/22

4.1   The Council has a number of key financial systems which are delivered by partners under the shared service arrangement with Cambridgeshire County Council, West Northamptonshire Council and Milton Keynes Council. The audits of the systems have been delivered by the internal auditors at the lead authority for the respective system.

4.2   At the time of producing the Annual Internal Audit Report for 2021/22, the reports on the key financial systems had not been finalised by the lead authorities. These have now been received and the findings are as follows:

Payroll transactions (2021/22)

Based on the audit findings, an opinion of Good Assurance has been given in relation to both the design of controls, and the compliance with such controls. The level of assurance acknowledges that the Payroll Service has a mature set of procedures and controls in place with staff experienced in dealing with the processes to support payroll transactions, however, there are some of areas where checks and reviews are not being adequately completed and / or signed off thus compromising the integrity of the payroll processes and audit trail. Where undertaken but not recorded as such these control weaknesses present a low risk to the control environment.

Sample testing of 20 new starters (five in relation to each client) confirmed that the following controls had been appropriately exercised across all clients:

- A new starter form had been submitted by a suitably authorised officer.
- Pay had been calculated accurately.
- Pre-employment checks, such as Right to Work (RTW), and Disclosure and Barring Service (DBS) checks had been confirmed, prior to the employee start date.
- An independent review process had taken place to confirm the accuracy of the starter data (as per the new starter form) which had been input into ERP Gold

Variations in employment are submitted for processing via ERP Gold by a suitably authorised officer. Sample testing of 20 variations (five in relation to each client) confirmed that each had been actioned accurately and within a timely manner. All variations are recorded on a monthly payroll checking sheet which is processed by an officer within the HR Transactions team and is subject to independent review (except for NNC transactions which are picked up by the NNC HR team). An independent review of the input had taken place in all instances except in respect of one case (NNC) where this had not been recorded as having taken place.

Sample testing of 20 leavers (five in relation to each client) confirmed that controls had operated as intended in the majority of cases tested, whereby a leavers form had been submitted by a suitably authorised officer in all but one case (NNC), and with the exception of two cases (NNC) an independent review process had taken place to confirm the accuracy of the leaver data (as per the leaver form) which had been input into ERP Gold.

Payroll transactions are processed in accordance with the agreed, documented timescales. Following this, a monthly payroll proposal is run by a Payroll Officer, along with a number of exception reports, which are reviewed by the HR Transactions team, prior to the completion of the bacs payment run process. Once any adjustments have been made, a revised payroll proposal is run by a Payroll Officer, after which, it is approved and submitted for payment by a Payroll Manager, to demonstrate that a separation of duties exists.

A payroll checklist and corresponding timetable exist for the monthly payment run process, in relation to each client.

Sample testing of 12 monthly payroll checklists (four in relation to each client) confirmed that whilst key controls, such as the accuracy of the monthly payroll report, had been confirmed in all cases tested, a low number of tasks requiring attention (maximum of five in relation to each client) had not been initialled and / or dated within 10 of the monthly payroll checklists (three WNC, two NNC, three CCC and two MKC).

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
Control Environment	🟢	Good
Compliance	🟢	Good
Organisational Impact	🟢	Minor

Accounts payable (2021/22)

Overall, the testing carried out by Internal Audit identified that a good level of control exists over the key control processes within the Accounts Payable system. The good assurance opinion over the control environment is based on the below findings:

- The fundamental '3-way match' control, to ensure that payments will only be made where the invoice has a corresponding goods receipt amount and corresponding Purchase Order (PO) for the same or greater value, was in operation.
- The BACS payment process was robustly controlled with system access limited to appropriate officers.
- CHAPS payments to suppliers were appropriately authorised and access to the online banking application was limited to senior AP officers and robustly controlled to ensure no one officer could process a CHAPS payment.
- Payments to non-commercial suppliers also require budget holder approval via an ERP workflow. As with the 3-way matching and CHAPS payment processes, this ensures appropriate authorisation and separation of duties is in place.

There are areas where consideration could be given to enhance the control environment. It was identified that direct debits can be set up by services without the advance knowledge of AP. The AP Service Delivery Manager confirmed that such cases would be identified by the bank reconciliation process and AP would be alerted to any such instances. Internal Audit recommended a procedure document for dealing with direct debits is created to assist AP in investigating direct debit payments to ensure they are legitimate and to recover any if necessary.

Compliance with controls was assessed as good overall. All 60 invoice payments tested correctly matched within tolerances and the relating POs had been approved by an appropriate budget holder representing a good overall level of compliance. All 20 BACS payment files tested were fully compliant with controls and ensured accurate payments were made. All 40 CHAPS payments and all 40 Non-commercial supplier payments subject to sample testing were subject to separation of duties through second officer approval.

However, some instances of non-compliance with controls were identified in the supplier amendments process. In 39/40 cases tested, evidence relating to bank detail changes had been attached to the supplier record in ERP Gold in line with procedures. However, in 6/40 cases, the supplier amendment master spreadsheet had not been updated to record the exact nature of the verification checks undertaken as required by procedures. It may be that in these six cases officers carried out the required checks and simply did not record this. However, if checks were not undertaken in line with procedures, there is an increased risk of external bank mandate fraud and therefore these checks must be undertaken.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
Control Environment	🟢	Good
Compliance	🟢	Good
Organisational Impact	🟢	Minor

Accounts receivable (2021/22)

Overall, the testing carried out concluded that a good level of control exists over the key control processes within the Accounts Receivable Income Processing (AR) system. This was based on the following key findings:

- System controls are in place to ensure income received is correctly accounted for. Payments are automatically allocated to the correct invoice and customer where accurate reference numbers are provided by customers when making payments. Where information provided is insufficient or inaccurate, payments are automatically allocated to suspense accounts.
- Internal Audit testing of the auto-allocation process confirmed that income received was accurately applied to the correct customer account, relevant invoice/suspense account.
- Procedures are in place to govern how unidentified income is managed. Suspense items are reviewed and investigated daily by Income Processing Teams. Internal Audit analysis of the suspense account indicated that suspense items are promptly investigated and applied to relevant accounts.
- Cash figure reporting provides information surrounding suspense account value and volume positions, including breaking down suspense items into age brackets. Furthermore, reporting also includes KPI's relating to the clearance of suspense items to provide management with performance information on the percentage of items allocated within five calendar days and 30 calendar days (the targets being 90% and 95% respectively).
- A fortuitous income code has been created at CCC and WNC so that items that have been exhaustively interrogated without a definitive conclusion on which customer account or cost centre the transaction relates to can still be cleared from suspense. There is no documented procedure or criteria for use of fortuitous income codes. As yet there is no such code for NNC.

Compliance with controls was good overall. Controls were largely complied with throughout the period under review. Testing across all three clients confirmed auto-allocation controls were operating as expected, as in all 60 cases tested the auto-allocation process allocated and applied transactions to the correct account or invoice.

Analysis confirmed that suspense account clearance was undertaken in a timely manner and was effective in correctly allocating items from suspense. Sample testing confirmed that suspense items were manually allocated to the correct customer account using appropriate supporting evidence.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
Control Environment	🟢	Good
Compliance	🟢	Good
Organisational Impact	🟢	Minor

Debt recovery (2021/22) – excluding legacy debt

The assurance opinions are based in part on the on the key controls and compliance in practice:

- There are documented debt recovery policies and procedures in place that cover the Council's debt recovery principles and high-level processes.
- Automated recovery letters are operating as intended and were issued in line with agreed timings.
- The write off process utilises a system workflow that requires approval by the Debt Recovery Manager, relevant budget holder, and the S151 Officer.
- A process is in place to ensure that when debts are reviewed in conjunction with any other debt relating to the customer so that recovery decisions can be taken at a customer level. Portfolios of debts for manual recovery prioritised based on the value of outstanding debts. However, there is no prioritisation regarding aged debt.
- Debt dashboard reporting gives a good level of detail on the Council's debt position, includes narrative, and comparisons to previous periods.

There are a number of areas where controls should be strengthened. In particular, debt recovery processes do not include specific controls for addressing and reducing aged debt. There are no controls within debt recovery procedures to ensure aged debts are reviewed on a regular basis and to specifically govern how aged debt should be recovered.

Documented procedures are not consolidated to govern all recovery activity; they lack detail in key areas such as timescales and decision making at the various stages of recovery; how debt recovery performance is reviewed with regard to portfolios allocated to recovery officers; the specific process for deceased cases; and they are out of date as they do not reflect how ERP Gold processes are utilised.

Sample testing identified that manual recovery activity was largely undertaken in a timely manner in line with procedures in 6/10 cases. For 3/10 cases sample testing found no evidence of manual recovery activity. In one further case manual recovery activity was not undertaken in a timely manner in line with procedures as the first note against the debt indicating manual action being four months after the due date. Recovery letters were largely sent to customers in accordance with agreed timescales.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion	
Control Environment	🟡 Satisfactory
Compliance	🟢 Good
Organisational Impact	🟢 Minor

5. Rolling risk reviews

5.1   As part of this year's Internal Audit plan, rolling risk reviews have been introduced. These are intended to provide real time assurance to the Committee over the Council's Strategic Risk Register entries.

5.2   The Risk Register was developed further earlier this year and now includes scoring of both inherent and residual risk. The residual risk should reflect the current risk exposure, on the basis of the identified controls in place to manage the inherent risk. As such, reliance is placed on those identified controls to manage the risk to this level. The objective of these rolling risk entry reviews is to confirm that those controls are in place, as stated, and are operating in accordance with the description on the risk register.

5.3   The first risk selected for review was Risk 16 - Breaches of health and safety responsibilities result in injuries/harm to staff, tenants or service users. This was selected on the basis that the inherent risk score given is 25 (the maximum score available) and the listed controls are relied upon to reduce this to a residual risk of 15; and there was no related coverage in this year's Internal Audit Plan.

5.4   For the risk entry, evidence of each of the listed controls was reviewed and assigned a RAG (red, amber, green) rating based on the findings. All controls were assessed as 'green' – as all appear to be in place and operating as stated. There was one recommendation made to further embed one of the controls. The full findings are provided in Table 3 on pages 21 to 23.

6. Implementation of recommended actions

6.1   Where any weaknesses or opportunities for improvement are identified by audit testing, recommendations are made and an action plan agreed with management. These actions are subject to agreed timeframes and owners and implementation is followed up by Internal Audit on a monthly basis.

6.2   Since the last Audit and Governance committee meeting, 35 open actions have been confirmed as implemented – an overview is provided in Table 3 of this report. There are currently 49 recommendations which are overdue for implementation.

6.3   To provide the Committee with further detail on high risk actions which remain overdue for more than three months, full details are provided in Table 4, with latest updates from officers. There are five such actions at this time.

Table 1: Progressing the Annual Internal Audit Plan

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Governance											
Governance of shared / delegated services	Q3					▓					
Partnerships	Q4		▓								
Ethical governance	Q2						▓	Consultancy review			See section 3
Oversight of post case review	TBC	▓									
Risk management											
Real time risk assurances	All year			▓				See Table 2 for latest outcomes			
Annual assurance on risk management	Q4	▓									
Risk management support / reporting	All year			▓				Consultancy support			

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Legacy issue support and monitoring	All year		▓								
Corporate compliance with key controls and policies											
Fees and charges	Q1						▓	Satisfactory	Satisfactory	Minor	See section 3
Procurement compliance – report 1	Rolling						▓	Satisfactory	Good	Minor	See section 3
Staff recruitment	Q3		▓								
Use of temporary staffing / agency workers	Q1					▓					
Performance management	Q4		▓								
PCI DSS compliance	Q4		▓								
Contractor health and safety	Q2				▓						
Contract extensions	Q3			▓							
Grant claims											
Supporting Families	All year			▓				Q1 and Q2 submissions signed off for claim.			

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Covid Outbreak Management Fund	Q1						▓	Declaration completed			
Homelessness prevention grant							▓	Declaration completed			
Rough Sleeper Initiative	Q1						▓	Declaration completed			
Protect and Vaccinate	Q1						▓	Declaration completed			
Test and Trace	Q1						▓	Declaration completed			
Disabled Facilities Grant	Q2						▓	Declaration completed			
Bus Service Operators Grant	Q2			▓							
Local Transport Capital Funding	Q2			▓							
Key financial systems - Providing assurance that the Council has made arrangements for the proper administration of its financial affairs, these system audits focus on the systems with the highest financial risk.											
Treasury management	Q1						▓	**Substantial**	**Substantial**	**Minor**	Reported in September 2022
Creditors	Q4	To be delivered by host authority's internal audit team – Cambridgeshire County Council									
Government Procurement Cards (GPCs)	Q1						▓	**Good**	**Satisfactory**	**Minor**	Reported in September 2022

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Debtors	Q4	To be delivered by host authority's internal audit team – Cambridgeshire County Council									
Payroll	Q4	To be delivered by host authority's internal audit team – West Northamptonshire Council									
Main accounting system	Q4		▓								
Bank reconciliations (Q1)	Q1						▓	**Good**	**Good**	**Minor**	Reported in September 2022
Local taxation	Q4		▓								
Housing benefit	Q4		▓								
Pensions	Q4	To be delivered by host authority's internal audit team – West Northamptonshire Council									
Fixed assets	Q4		▓								
Budgetary control	Q4			▓							
Adults, Health Partnerships and Housing Priorities and Risks											
Direct payments	Q1						▓	**Good**	**Good**	**Minor**	See section 3
Adult safeguarding	Q4	▓									

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Adult Social Care – Target Operating Model	Q1						▓	**Satisfactory**	**Satisfactory**	**Moderate**	Reported in September 2022
Approved Mental Health Professionals	Q3		▓								
Housing repairs	Q3			▓							
Voids management	Q3			▓							
Rent arrears	Q2			▓							
Leisure provision	Q2				▓						
Preparation for Care Reforms	Q3		▓								
External placements	Q3			▓							
Homelessness and Temporary Accommodation	Q4		▓								
Public Health											
Commissioning and contracting in Public Health	Q3			▓							
Place & Economy Services Priorities and Risks											

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
S106 monitoring – follow up	Q4		▓								
Management of capital projects	Q3			▓							
Asset management – leases	Q2					▓					
Business continuity	Q4		▓								
Fleet & fuel management	Q3		▓								
Climate change strategy	Q4	▓									
Planning fee income	Q2			▓							
Waste management service	Q2			▓							
Asset Management – compliance	Q4	▓									
Project Management Office (consultancy support)	Q4	▓									
Children's and Education services											
Schools thematic audit	Q3			▓							

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Children's Trust commissioning and governance	Q4		▓								
Early years providers	Q2			▓							
Engagement with schools forum and pro-active support (including Schools Financial Value Standard)	All year			▓							
ICT and Transformation											
ICT – Asset management	Q2						▓	**Satisfactory**	**Satisfactory**	**Moderate**	Reported in September 2022
ICT – Access controls	Q2						▓	**Satisfactory**	**Satisfactory**	**Moderate**	See section 3
ICT – Cyber security	Q2						▓	**Satisfactory**	**Satisfactory**	**Moderate**	See section 3
ICT – Disaster recovery	Q2			▓							

The Auditor's Opinion
At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances		
Level	**Control environment assurance**	**Compliance assurance**
Substantial 🟢	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended either no, or only minor, errors have been detected.
Good 🟢	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory 🟡	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited 🔴	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No 🔴	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact	
Level	**Definition**
Major 🔴	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate 🟡	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor 🟢	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Table 2: Latest risk entry review

Risk Register Ref.	Risk	Owner
16	Breaches of health and safety responsibilities result in injuries/harm to staff, tenants or service users.	Adele Wylie, Director of Customer & Governance

Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
16.1	Nominated Director for HSW (Exec Director Legal & Governance).	Green ●	Director of Customer & Governance is the nominated Director for HSW, as confirmed in the HSW Policy on the intranet.
16.2	HSW policy in place and signed off Chief Exec.	Green ●	In place, published on intranet, approved by Chief Executive and subject to annual review. Policy displayed on internet is out of the review date but an updated version is in the process of being signed and will be published shortly.
16.3	Supplementary procedures on specific risks / processes. Procedures have identified owners across various departments.	Green ●	Wide range of procedures on intranet with specified owners, based on who is best placed to lead on each specialist area. Some required procedures have yet to be finalised but the gaps are known and progress is being tracked by the HSW Team (using a Procedure Tracker) and via Joint Health Safety & Wellbeing Committee meetings.
16.4	HSW intranet pages to publish / communicate information.	Green ●	All completed Policies, Procedures and supporting guidance published on the intranet.

	Assurance and Findings		
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
16.5	Contracts for occupational health, eye care and Employee Assistance Provider in place.	Green 🟢	Formal contracts in place. In addition, the Be online system has also been purchased and a provider for drug and alcohol testing is currently being sourced.
16.6	Competent Advice - HSW team re-structure completed, maintain resource requirements and team competencies.	Green 🟢	Revised structure in place based on required competencies, together with clearly defined role descriptions.
16.7	Providing adequate Information, Instruction, Training and Supervision.	Green 🟢	All completed Polices, Procedures and supporting guidance published on the intranet, including links to online training. HSW Advisory service and task specific training available. Supervision/monitoring responsibilities are articulated in the HSW Policy, further supported by this being covered in specific procedures e.g. Audit & Inspection Procedure.
16.8	H&S Law posters, certificate of employer's liability insurance / policy statement published on intranet and notice boards where staff don't have access to this.	Green 🟢	On website (statement currently being reviewed and revised). **Finding:** Health & Safety Law posters are not currently displayed or detailed at all sites. There is a requirement for these to be on display at all Council offices and sites but the auditor confirmed that the H&S Policy Statement was not on display in the Thrapston office and there appears to be no formal control in place to check compliance.

Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
			Recommendation: The H&S team should introduce adequate checks to ensure that up-to-date employer's liability insurance certificates and H&S Policy Statements on displayed appropriately at all relevant Council offices and sites. When the new HSW policy is published, use this as an opportunity to remind staff of the need to display the HSW law poster, HSW policy statement and employers' liability insurance certificate.

RAG Rating Indicator Values & Assurances	
● Red	There are significant and /or fundamental key control weaknesses that present high risk.
● Amber	There are some control weaknesses that present a medium risk.
● Green	There are minor/minimal control weaknesses that present low risk.

Table 3: Implementation of Audit Recommendations

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	7	39%	24	43%	4	40%	35	42%
Actions due within last 3 months, but not implemented	6	33%	20	36%	4	40%	30	36%
Actions due over 3 months ago, but not implemented	5	28%	12	21%	2	20%	19	22%
Totals	18	100%	56	100%	10	100%	84	100%

Table 4: 'High' priority actions overdue for more than three months

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
S106 agreements 2021/22	Growth & Regeneration	Monitoring arrangements Review the resources currently available across the Council to administer s106 Agreements and establish a central team to undertake this role, to include appropriate monitoring arrangements and overview by senior management.	Phase 1 of restructure of Growth & Regeneration is underway (proposed Tier 4 and 5 roles in formal consultation), the results of which will inform the creation of a single centralised S106 function for the Council. The issue of creating a single IT system to support the team has been raised with the Transformation team to ensure that any future review planning related software platforms includes consideration of S106.	Assistant Director for Growth & Regeneration	June 2022	December 2022
S106 agreements 2021/22	Growth & Regeneration	Corby Borough Council (CBC) records Officers need to ensure that all the s106 agreements for the former CBC have been identified, documented and are subject to trigger point/income/ expenditure monitoring.	Review of historic records and financial data has been undertaken with approximately 75% of records updated to date into a single database. The reconciliation of expenditure on projects is ongoing with the Finance service and other appropriate service areas.	Assistant Director for Growth & Regeneration	June 2022	December 2022
S106 agreements 2021/22	Growth & Regeneration	Trigger points A Council wide system needs to be implemented that enables consistent information to be gathered from s106 agreements to enable monitoring of developments against triggers.	As referred to above, a central area has been developed to bring together data from all legacy areas to assist with monitoring and reporting ahead of IT transformation. This includes data from multiple formats and systems and can be accessed across the S106 team to help provide resilience.	Assistant Director for Growth & Regeneration	June 2022	December 2022

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
Enforcement files 2021-22	Legal Services	Risk assessment form The risk assessment forms for enforcement cases should be adopted and consistently applied. Spot checks by management should seek assurance over the consistent completion of these forms and the judgement applied.	Policy/procedure document is currently in final draft, consultation with Team Leaders has taken place and the policy/procedure will be finalised shortly. This is an organic document and it is intended that policy/procedure be reviewed periodically and amended if/where necessary. In addition, a file opening form has been approved in which a risk level is to be identified on file opening. Forms are being rolled out and it is expected that all revised forms will be operational by w/c 5th December 2022.	Assistant Director – Legal and Democratic Services	May 2022	December 2022
Enforcement files 2021-22	Legal Services	Data retention Processes must be implemented to apply data retention policies for the data within the case management system. All historic data from legacy systems must be subject to this same policy.	The closing form includes a link to the corporate retention schedule (in which Legal & Democratic services have an area) and the form has sections which lawyers are expected to complete in order to advise support colleagues as to the relevant dates for their matter. Application in concert with closing forms – as soon as practicable and in any event from w/c 5th December 2022.	Assistant Director – Legal and Democratic Services	June 2022	December 2022

Limitations and Responsibilities

Limitations inherent to the internal auditor's work

Internal Audit is undertaking a programme of work agreed by the council's senior managers and approved by the Audit & Governance Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention. As a consequence, the Audit & Governance Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal control

Internal control systems identified during audit assignments, no matter how well designed 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 unforeseeable circumstances.

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This 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 operating environment, law, regulatory requirements or other factors; 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 or 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. Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.