

<b>Report of:</b>	<b>Chief Internal Auditor &amp; Risk Manager</b>
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<b>Report Track:</b>	<b>Audit &amp; Governance Committee: 06/12/21</b>

**Audit & Governance Committee  
6 December 2021  
Internal Audit Progress Report 2021-22**

**1 Purpose of Report**

- 1.1 To present to the Audit & Governance committee for information a progress report on the work of Internal Audit.

**2 Recommendation(s)**

- 2.1 That the Committee notes the progress report

**3 Key Issues and Reasons for Recommendations**

**Key Issues**

- 3.1 Attached is a progress report showing the audits which have been issued between 1<sup>st</sup> April 2021 and 30<sup>th</sup> September 2021.

**Reasons for Recommendations**

- 3.3 The report has been prepared for Members' information.

**4 Relationship to Corporate Priorities**

- 4.1 The system of internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities

**5 Report Detail**

- 5.1 This report is a summary of the Internal Audit work between 1<sup>st</sup> April 2021 and 30<sup>th</sup> September 2021 and is a report of progress against the revised audit plan.
- 5.2 The work completed against the revised plan is progressing well and we are on track to complete the majority of the plan by the end of the year.

- 5.3 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.
- 5.4 The table below gives a summary of the level of assurance for each of the audits completed in the period. More detailed information on each of the reports issued is contained in Appendix 1.

<b>Number of Audits</b>	<b>Assurance</b>	<b>Definition</b>
<b>2</b>	<b>Substantial</b> ✓	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively.  No action is required by management.
<b>3</b>	<b>Partial</b> ▲	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below.  Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
<b>0</b>	<b>Limited</b> !	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher.  Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
<b>0</b>	<b>No Assurance</b> ✘	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.  Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.
<b>1</b>	<b>N/A</b>	One piece of work was issued where it was not appropriate to issue an Assurance due to the narrow scope of the work

- 5.5 Appendix 2 lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.
- 5.6 Appendix 3 shows the follow-ups that have been issued in the period. At the time of the follow-up it was not possible to offer a revised opinion on any of the 8 areas reviewed. 1 remains limited and 7 Partial Assurance.

## **6 Implications**

### **6.1 Financial**

None

### **6.2 Legal**

None

### **6.3 Human Resources**

None

### **6.4 Risk Management**

None

### **6.5 Equality & Diversity**

None

### **6.6 Climate Change**

None

## **7 Appendices to the Report**

Appendix 1: Audits Completed by 30<sup>th</sup> September 2021

Appendix 2: Audits in Progress at 30<sup>th</sup> September 2021

Appendix 3: Follow-ups completed by 30<sup>th</sup> September 2021



## Progress Monitoring



Number of Audits in Plan for 2021-22	Audits Completed to Draft	Audits In Progress	Percentage of Plan In Progress or Completed to Date
27	6	6	44.4%


Level of Assurance	No Assurance	Limited	Partial	Substantial	N/A
Number of Audits Issued in Year to date	0	0	3	2	1

N/A is where the nature of the review did not enable an opinion to be issued on the area under review. This is normally where the focus is narrow or where a project is at an early stage of progress.

Audits Completed by 30<sup>th</sup> September 2021

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Staff Expenses	HR★	Final	5	Partial 	<ul style="list-style-type: none"> <li>• Although there are some guidance notes and forms there is no documented Staff Expense Scheme. Forms are also not consistent across the two Councils.</li> <li>• Despite being required some mileage claims had been signed off by Managers and paid without receipts being provided to evidence the expenses or allow the Council to reclaim the VAT on fuel.</li> <li>• VAT was reclaimed without appropriate fuel receipts being on file to support the full amount of the claim.</li> <li>• Officers often failed to provide sufficient information on mileage forms to allow the journeys to be validated.</li> <li>• One form was found to have been approved by a Manager not on the authorised list to approve the forms. (Although they were at a level where it was appropriate for them to approve forms.)</li> </ul>
Cloud Strategy & Security	Technology★	Draft	2	Partial 	<ul style="list-style-type: none"> <li>• The Council's policy for hosted solutions has not been updated since 2015 which means it is not current in terms of security guidance and technology solutions.</li> <li>• IT did not compile performance/progress monitoring or reporting in relation to the actions and work required to address security weakness identified from the security monitoring software and to improve the Council's overall security score.</li> </ul>

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Housing Voids	Housing & Partnerships	Final	11	Partial 	<ul style="list-style-type: none"> <li>• An up to date policy in respect of the voids turnaround process should be documented and formally issued to all relevant staff</li> <li>• This should be underpinned by comprehensive procedure notes and should incorporate areas including:               <ul style="list-style-type: none"> <li>• Definitive target turnaround times in respect of void properties</li> <li>• The void letting standard</li> <li>• Recharges</li> <li>• Disposals</li> </ul> </li> <li>• This should also be supported by an appropriate performance management framework which is able to act as a tool to aid the monitoring and improvement of the service</li> <li>• To aid the voids process, it should also be ensured that in respect of all voids               <ul style="list-style-type: none"> <li>• Locks on empty properties are changed promptly</li> <li>• Inspections occur promptly; and</li> <li>• Properties are advertised promptly</li> </ul> </li> </ul>
Culture & Sports Capital Programme - New Cemetery	Environment & Healthy Lifestyles	Final	4	Substantial 	

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Commonwealth Games Project	Environment & Healthy Lifestyles	Final	0	Substantial 	
Customer Transformation & CRM Replacement Project	Technology ★, Operations & Governance	Final	0	N/A	This project is still in early stages and has not yet had a formal Project Board established or finalised budgets for the project. A number of suggestions were made that would improve the project management arrangements.

★ Services led by Stafford Borough Council as part of Shared Services





**Audits in Progress**







<b>Audit</b>	<b>Head of Service</b>
Economic Growth Projects-Stadium Phase 2, Levelling Up Fund Application	Economic Prosperity
Property/Asset Management Works- Rugeley Pool & Boiler, MSCP Demolition, Civic Offices Toilets, Boardwalk, Elmore Park	Economic Prosperity
Development Control & Enforcement	Economic Prosperity
LEP & Combined Authority	Economic Prosperity
Climate Change	Environment & Healthy Lifestyles
IT Records & Document Retention	Technology★







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## Follow-up Completed

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Utilities Management	Economic Prosperity	Limited 	0	1	5	6	Limited 	<ul style="list-style-type: none"> <li>The production of the Energy Management Strategy is linked to the Asset Management Strategy and both have been deferred until December 2021 due to Covid Pandemic. This has meant no progress have been made for most of the recommendations.</li> <li>Some limited progress has been made in setting targets for a reduction in utility usage as part of the Carbon Neutral action plans.</li> </ul>
Leaseholder Recharges 5 <sup>th</sup> follow up	Housing & Partnerships	Partial 	0	4	2	6	Partial 	<ul style="list-style-type: none"> <li>Some progress has been made to produce procedure notes and creating a centralised database but work has been delayed due to the implementation of the new finance system.</li> <li>Work to determine the full cost of administering the function has not progressed and it has not been possible to determine an accurate figure to recharge leaseholders from current data held by Grounds Maintenance.</li> <li>Work to look at streamlining the invoicing process and integration between the housing and finance systems have also not been progressed.</li> </ul>

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Public Buildings & Facilities Management 2 <sup>nd</sup> follow up	Economic Prosperity	Partial 	1	1	1	3	Partial 	<ul style="list-style-type: none"> <li>• A report has been taken to Cabinet to allow the team to prioritise the maintenance work required across Council buildings.</li> <li>• Some work was carried out to retender key maintenance contracts but this was delayed due to Covid Pandemic. The retenders will need to be staggered over several years due to capacity in the team.</li> <li>• Procedure notes for all processes have not been established</li> </ul>
Partnerships & CCTV 2 <sup>nd</sup> Follow Up	Housing & Partnerships	Partial 	1	2	0	3	Partial 	<ul style="list-style-type: none"> <li>• Work is in progress to draft procedure notes and to produce a Business Continuity Plan for the CCTV function</li> </ul>
Housing Safety & Compliance 2 <sup>nd</sup> Follow up	Housing & Partnerships	Partial 	0	1	2	3	Partial 	<ul style="list-style-type: none"> <li>• Weekly Fire Alarm Testing had not been progressed at all communal blocks.</li> <li>• Annual Review of Fire Risk Assessments had not been implemented</li> <li>• No progress has been made in creating a central record of all compliance checks to ensure all health and safety requirements in respect of fire, gas, electric and water are being adhered to.</li> </ul>

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Housing Social Alarm Arrangements 2 <sup>nd</sup> Follow Up	Housing & Partnerships	Partial 	0	1	0	1	Partial 	<ul style="list-style-type: none"> <li>Although a procurement exercise was in progress at the time of the follow-up it had been significantly delayed.</li> </ul>
Misc. Engineering Functions 2 <sup>nd</sup> Follow-up	Environment & Healthy Lifestyles	Partial 	0	2	2	0	Partial 	<ul style="list-style-type: none"> <li>Development of a digital record system or inspections has stalled during the pandemic as IT resources have been diverted this has meant that additional functionality such as trend monitoring has not progressed.</li> </ul>
Property Management	Economic Prosperity	Partial 	1	1	7	9	Partial 	<ul style="list-style-type: none"> <li>The Covid Pandemic has led to the production of an Asset Management Strategy being delayed.</li> <li>A module has been purchased for the new finance system to record property assets but development of this has not yet started. This has delayed the creation of a central repository for property information including occupancy status, tenant details, lease renewals and rent review dates.</li> <li>The lack of integration means changes in rents may not always be actioned promptly by Finance.</li> </ul>