

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 25 NOVEMBER 2022
Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q2 2022/23
 JULY 2022 TO SEPTEMBER 2022

Purpose of report.

To provide information about internal audit work in quarter 2 of 2022/23

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	not applicable
The Decision - Is it eligible for call in by Scrutiny?	not applicable
Date signed off by Strategic Director & name	not applicable
Is it also signed off by the Service Director for Finance IT and Transactional Services?	not applicable
Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	not applicable
Cabinet member portfolio	not applicable

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public with a private appendix

The appendix to this report is recommended for consideration in private because the information contained in it is exempt information within part 1 of Schedule 12A of the Local Government Act 1972 namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.

Have you considered GDPR? Yes

1. Summary

1.1 This report sets out the activities of Internal Audit in the second quarter of 2022/23.

- 1.2 The report contains information about eleven audits completed during the period. The routine audits were four schools, five that relate to other financial systems and processes and two follow up audits. All the school audits had positive findings, and there was substantial assurance related to business centres, and adequate assurance as regards purchasing cards and adult care client contributions; there were areas of activity that lead to concerns relating to the management of the integrated healthy child programme, and the SEND inclusion fund. Of the follow up audits, accounts payable was found to be adequate, but there remained concerns regarding income collection for grounds maintenance work.
- 1.3 Internal Audit also continued with its activity to support several governance areas and has reviewed certain grants and payment regimes, as well as data submission related to the national fraud initiative and government data collection related to (covid related) business grant funds
- 1.4 Internal Audit now looks after the Council's Fraud Investigation Team. 3 Right to Buy applications have been denied during the quarter with 1 property recovered. A further 12 investigations are ongoing. 1 Tenancy Fraud has been proved and a tenancy termination signed. A further 3 investigations are ongoing. 6 cases of Blue Badge Misuse have led to prosecution, and 8 to warning letters. There has also been work continuing to support the ongoing prosecution of fraud in relation to Covid business grants.
- 1.5 Progress with routine audit work has been below expectations. This is not uncommon at this time of year due to previous year work having been completed in Quarter 1 and staff taking significant amounts of leave in Quarter 2. The plan for 2022/23 is that 85 audits should be completed. It is still anticipated that this should be possible, but if further slippage does occur the Head of Audit will advise the Committee at its January meeting if any action is necessary. Work is still progressing on determining an appropriate work plan for the Fraud Team. Linked to this it is anticipated that the Cabinet will shortly consider a new Counter Fraud Strategy, which restates the expectation that everyone acts with integrity when dealing with the Council, but the arrangements and systems will look to prevent and detect fraud, with actions always being taken against offenders.
- 1.6 It was agreed at March 2018 Council that this Committee consider any surveillance activities under the Regulation of Investigatory Powers Act 2000. There are none this quarter.

2. **Information required to take a decision**

- 2.1 The detail of the audit work performed this quarter is contained within the private Appendix.

3. **Implications for the Council**

- 3.1 **Working with People** – None directly
- 3.2 **Working with Partners** – None directly
- 3.3 **Place Based Working** – None directly
- 3.4 **Improving outcomes for children**– None directly
- 3.5 **Climate change and air quality**- None directly
- 3.6 **Impact on the finances of local residents**- None directly
- 3.7 **Other (e.g., Legal/Financial or Human Resources)**- Although each of the sub categorisations above suggest no direct implications, the work of internal audit covers all aspects of the Council's operations, including elements of the above, either specifically, indirectly or on a commissioned basis. The main issues relate to those

areas highlighted above- where there are risks associated with basic processing arrangements and delivering sound governance and control.

4. Consultees and their opinions

There are no consultees to this report although heads of service/directors participate in and respond to individual pieces of work

5. Next steps and timelines

- 5.1 To consider if any additional activity is sought. (Limited assurance audit outcomes are routinely followed up)

6. Officer recommendations and reasons

- 6.1 Members are asked to note the Internal Audit Quarterly Report and determine if any further action is sought on any matter identified.
- 6.2 Members are also asked to note that there has been no Regulation of Investigatory Powers Act activity during the period quarter 2 2022/23.

7. Cabinet portfolio holder's recommendations

Not applicable

8. Contact officer

Martin Dearnley, Head of Risk & Internal Audit (01484 221000 x73672)

9. Background Papers and History of Decisions

Previous Quarterly Reports, Audit Plan, and confidential appendix.

10. Service Director responsible

Not applicable