

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 21st APRIL 2023
Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q4 2022/23
 JANUARY 2023 TO MARCH 2023

Purpose of report.

To provide information about internal audit work in quarter 4 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 final quarter of 2022/23.

1.2 The report contains information about eighteen audits completed during the period.

- 1.3 There were seventeen planned pieces of work, including four into aspects of financial management of social care (1 substantial assurance: 3 adequate assurance), reviews of two stores systems, and (one adequate, other limited assurance) and routine audits at 5 schools (one secondary and primaries), one of the primaries having limited assurance due to a range of issues, the most important relating to the schools budget position. There was limited assurance relating to a review of a part of the business rates systems, where greater challenge and professional scepticism as regards declarations by clients may be beneficial, and also limited assurance in relation to adoption arrangements where there are concerns about performance and cost.
 - 1.4 In the corporate area, there was adequate assurance related to corporate risk management, and whistleblowing. There was limited assurance as regards corporate complaints handling, as a result of some complaints taking excessive times to address. [Note: The Head of Risk is supervisor of these 3 areas of operating, but audit work is conducted independently]. The Communications Service was rated as having adequate assurance.
 - 1.5 The one follows up this period have the unusual “no assurance” rating which it attracted last time. This relates to a continued failure of the service to make proper arrangements or procurement of services, although additional effort since this audit began should now result in this matter being addressed by summer 2023.
 - 1.6 The proportion of activity that was reviewed in the period and found to offer no or limited assurance was 33%, and cumulatively in the year 29%. However, if schools are excluded (all attracted positive assurance), the cumulative in year results suggest that about 33% of financial processes, and 58% of business processes require improvements. As noted in the last quarterly report, the Executive Team recognise that this is an issue that needs to be addressed, alongside the other challenges that the council currently faces.
 - 1.7 The Council’s Fraud Investigation Team has continuing activity on Right to Buy applications (11), other aspects of tenancy fraud (2) and other areas of fraud (8). Sixty-two referred cases of Blue Badge Misuse have led to prosecution (46%), and warning letters (34%).
 - 1.8 By the year end, of 85 planned pieces for the council, 57 had been completed (67%) although there was some substitute audit work and work carried forward from 2021/22 which provided opinion assessment.
 - 1.9 The format for this report is consistent with that used in previous quarters this year. Recognising the Public Sector Internal Audit Standards external review advice that the format of reporting be potentially amended, this will be explored in respect of reporting in 2023/24.
 - 1.10 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.
- 6.3 Members are also asked to note that there has been no Regulation of Investigatory Powers Act activity during the period quarter 3 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