

Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 14th JULY 2023
Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q1 2023/24
 APRIL 2023 TO JUNE 2023

Purpose of report.

To provide information about internal audit work in quarter 1 of 2023/24

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 first quarter of 2023/24.

- 1.2 The report contains information about fifteen audits completed during the period. (Which relate to both completing work from the 2022/23 audit plan, and work in the 2023/24 plan)
- 1.3 Of the fifteen pieces of work, just over half provided substantial assurance, just over a quarter adequate assurance, and one fifth had features which lead to limited assurance conclusions.
- 1.4 There was positive assurance from 5 of 6 schools audits, and from areas such as Rent Setting (Housing HRA), Registration Services, Business Rates Billing, Revenue debt write offs, Blue Badge issuing, and income management arrangements. There was only limited assurance from a number of areas of Adults operations, including domiciliary care contract arrangements and aspects of clients finances control arrangements. Some arrangements in relation to winter maintenance also led to a limited assurance conclusion.
- 1.5 The two follow up audits- which had issues causing limited assurance at the original audit had positive assurance at revisit – Taxi licencing and Building Service procurement arrangements.
- 1.6 The Council's Fraud Investigation Team has continuing activity on Right to Buy applications (35 active cases-9 with a resolution this period-though many originated before the case or are continuing:) other aspects of tenancy fraud (4 cases), and other cases (6). There were 44 referred cases of Blue Badge misuse. Six are in progress, and of the balance these have led to prosecution (32%), and warning letters (68%).
- 1.7 Progress in completing work in the first quarter is often low, and there is a substantial amount of work in progress. There may though be some resourcing challenges due to staff turnover, although this can be considered as a part of the second half year plan which the Committee will consider at its September meeting
- 1.8 In 2022/23 the Public Sector Internal Audit Standards external review gave a largely positive view of the councils internal audit operation. It did though highlight that the current reporting arrangements could perhaps be improved. This report has been presented to the Committee in the style used last year. Subject to the approval of the Committee it is proposed to reformat this information into one (or potentially more) different styles for the Committee to consider if they would prefer a new reporting style. This relates to both how information is split between this public report and the more detailed private report, and the existing largely narrative style of both existing reports. The challenge is to identify something that is useful to all potential information users, whilst recognising the necessarily confidential nature of some of the content.
- 1.9 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).
- 5.2 To consider alternative formats at the next meeting of this Committee.

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 request that officers present an alternative format for internal audit reporting (based on the information contained in this report and its private appendix) at the next meeting of this Committee.
- 6.3 Members are also asked to note that there has been no Regulation of Investigatory Powers Act activity during the period quarter 1 2023/24.

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