

Subject:	Internal Audit Progress Report Qtr 1 2021/22	Status:	For Publication
Report to:	Audit and Accounts Committee	Date:	28 th July 2021
Report of:	Head of Internal Audit (Internal Audit Service)	Portfolio Holder:	Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATION(S)
1.1	The committee are asked to consider the internal audit progress report for Qtr 1 2021/22

2. PURPOSE OF REPORT

2.1 To support the Audit and Accounts Committee in fulfilling its responsibility to monitor performance against the internal audit plan, and to consider a summary of internal audit activity and the level of assurance it gives over the council's governance, risk management and internal control arrangements.

3. BACKGROUND AND OPTIONS

3.1 In the context of fulfilling its responsibility to monitor the adequacy and effectiveness of the internal audit service, and to review internal audit reports, the Committee is asked to consider the assurance provided by the Internal Audit Service.

4. RISK

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- This report addresses the adequacy of the council's management of risks in respect of the areas subject to audit.

5. FINANCE

5.1 Any financial implications are commented upon in the report.

6. LEGAL

6.1 Any legal implications are commented upon in the report.

7. POLICY AND EQUALITIES IMPLICATIONS

7.1 Reported findings have been discussed and agreed, including management responses to the recommendations, with respective service managers and heads of service prior to reporting.

8. CONCLUSION

8.1 The audit programme is progressing in line with the plan.

No background papers

Rossendale Borough Council

Internal Audit Service

Progress report on delivery of the 2021/22 internal audit plan

Quarter 1 2021/22



Internal Audit Service

1. Introduction

1.1. This report supports Audit and Accounts Committee's responsibility under its terms of reference to consider regular performance reports from the internal audit function on progress with delivery of the 2021/22 audit plan agreed at the March 2021 Committee meeting. Our annual assurance opinion report, also submitted to the July 2021 Committee, sets out the position with delivery of the 2020/21 audit plan including summary audit findings.

2. Summary of progress against the 2021/22 audit plan

2.1. The table below shows the current status of audits. Work on the audit plan has started and a number of audits are at the planning stage or are progressing, though none have yet been completed to the stage of a draft report.

Audit Title	Status	Audit Type	Assurance Opinion
Governance and democratic oversight			
Performance management	Not started	1+2	
GDPR/ information security policies	Not started	1+2	
Rosendale Improvement Plan	Not started	F	
Risk Management	Not started	F	
Freedom of information/ subject access requests	Not started	F	
Business effectiveness			
Procurement	Started	1+2	
Critical application review – Civica (MIAA)	Not started	1+2	
IT - Homeworking arrangements (MIIA)	Not started	1+2	
IT Service Continuity (MIAA)	Started	F	
Digital Strategy	Started	F	
Service delivery			
Planning Controls	Not started	1+2	

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Audit Title	Status	Audit Type	Assurance Opinion
Commercial rents	Not started	1+2	
CCTV regulatory compliance	Not started	F	
Rossendale Together Barnfield	Not started	F	
Service support			
Health and Safety	Not started	1+2	
Emergency Planning and Business Continuity	Not started	F	
Purchase/ lease rental	Not started	F	
Business processes (follow up and compliance)			
Business grant allocations	Started	1+2	
Accounts payable	Not started	2	
Accounts receivable	Not started	2	
General ledger, budget setting and monitoring	Not started	2	
Income collection/ banking	Not started	2	
Payroll	Not started	2	
Council tax	Started	2	
Business rates/ NNDR	Started	2	
Housing benefits	Started	2	

Audit type:

- '1' - phase one/ consultancy work
- '2' - phase two/ compliance testing
- '1+2' - full risk and control evaluation
- 'F' - follow-up work.

3. Update on the National Fraud Initiative (NFI)

3.1. The main exercise is run every two years. Matches were released in February 2021 but there were subsequent releases during the year and all datasets have now been uploaded to the NFI website.

2020/21 biennial exercise	Number					Savings
	Reports	Matches	Processed	Frauds	Errors	£
Housing benefit	14	126	26	0	1	2,210
Payroll to payroll/ creditors	2	8	8	0	0	0
Council tax reduction scheme	12	138	119	0	1	551
Creditors - duplicates	6	266	0	0	0	0
SBGF/ RHLG - Duplicates	4	27	7	0	0	0
Discretionary/ Other Grants	1	5	0	0	0	0
Value Added Tax	1	23	0	0	0	0
Procurement – payroll	2	13	7	0	0	0
Individuals - more than one report	1	17	0	0	0	0
Total	48	623	167	0	2	2,761

3.2. Separate matching is undertaken of council tax data to the electoral roll. Data is released in December when the process to check matches begins. The council also buy comparison against a range of other data sets in all local authorities and a new premium single person discount match. The table below shows the latest matches, numbers processed and outcomes.

3.3. Premium Council Tax data is re-matched against data from a credit agency, for which RBC pays a fee. Checks are now progressing on data. Council Tax matches were released in February 2021. Checks are being completed and outstanding matches are under investigation. Council tax and the electoral register have now been uploaded to the NFI website.

Data categories	Number					Savings
	Reports	Matches	Processed	Frauds	Errors	£
Premium council tax – SPD July 2021	3	937	933	17	19	16,075
Council Tax to HMRC household composition July 2021	1	1738	1738	68	79	67,467

Data categories	Number					Savings
	Reports	Matches	Processed	Frauds	Errors	£
Premium council tax – SPD February 2021 - electoral register	2	697	693	41	71	39,012
Council Tax rising 18s	2	58	58	0	20	404
Council tax – Other datasets Jan 2020 release	1	1100	1100	6	3	4,505
Total	9	4530	4522	132	192	127,463

4. Audit assurance levels and classification of residual risk

4.1. The definitions of the assurance given by internal audit work, and the categories of residual risk used to prioritise any actions arising from audit work are set out below.

Assurance levels

4.2. Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options and we refer in our reports to the assurance applicable to the scope of the work we have undertaken.

- **Substantial assurance:** the framework of control is adequately designed and/or effectively operated overall.
- **Moderate assurance:** the framework of control is adequately designed and/or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout the service, system or process.
- **Limited assurance:** there are some significant weaknesses in the design and/or operation of the framework of control that put the achievement of the service, system or process' objectives at risk.
- **No assurance:** there are some fundamental weaknesses in the design and/or operation of the framework of control that could result in failure to achieve the service, system or process' objectives.

Residual risks

- **Extreme residual risk:** critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of the county council's services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the council's reputation. Remedial action must be taken immediately.

- **High residual risk:** critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to the council's business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the council's reputation. Remedial action must be taken urgently.
- **Medium residual risk:** failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. Prompt specific action should be taken.
- **Low residual risk:** matters that individually have no major impact on achieving the service's objectives, but where combined with others could give cause for concern. Specific remedial action is desirable.