

Rossendale Borough Council

Internal Audit Service

Progress report on delivery of the 2022/23 internal audit plan

Quarter 1 April – June 2022



Internal Audit Service

1. Introduction

- 1.1. This report supports Audit and Accounts Committee's responsibility under its terms of reference to consider performance reports from internal audit on progress with delivery of the 2022/23 audit plan, agreed at the March 2022 Committee meeting. Our annual assurance opinion report, also submitted to this Committee, reports delivery of the 2020/21 audit plan.

2. Summary of progress against the 2022/23 audit plan

- 2.1. Work on the plan has started, though it has been delayed to an extent by the need to complete 2021/22 audits. We have completed two unplanned grant certifications and we have started five audits, including the IT audits which Mersey Internal Audit Agency (MIIA) will undertake. We are not yet at the stage where we can report assurances from the work started. The table below shows the current status of all audits.

Audit Title	Status	Audit Type	Assurance Opinion
Governance and democratic oversight			
Delegated decision making by officers	Not started	1+2	
Leisure Trust	Not started	1+2	
Performance management	Not started	F	
GDPR/ information security policies	Not started	F	
Business effectiveness			
Financial sustainability	Not started	1+2	
IT threat and vulnerability management (MIIA)	Progressing	1+2	
IT critical application review of payroll (MIIA)	Planning	1+2	
Procurement	Not started	F	
IT Critical application review of Civica (MIAA)	Not started	F	
IT Homeworking arrangements (MIIA)	Not started	F	
IT Service Continuity (MIAA)	Not started	F	
Service delivery			
Corporate project delivery	Not started	1+2	

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Audit Title	Status	Audit Type	Assurance Opinion
Planning controls	Not started	F	
Commercial rents	Not started	F	Substantial
Service support			
Health and safety (deferred from 2021/22)	Not started	1+2	
Sickness absence	Not started	1+2	
Business processes (follow up and compliance)			
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	Progressing	2	
Business rates/ NNDR	Progressing	2	
Housing benefits	Progressing	2	
COMF grant certification (unplanned work)	Completed	2	
Protect and Vaccinate Grant certification (unplanned work)	Completed	2	
Stage of audit process	Number of audits		
Completed (no report necessary)/ Final Report delivered	2		
Draft report	0		
Progressing	5		
Not started	19		
Deferred/ cancelled	0		
Total number of audits	26		

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.

2021/22 biennial exercise	Number					Savings
	Reports	Matches	Processed	Frauds	Errors	£
Housing benefit	15	133	133	1	1	2,210
Payroll to payroll/ creditors	2	8	8	0	0	0
Council tax reduction scheme	14	206	193	0	7	23,292
Creditors - duplicates	6	266	239	0	0	0
SBGF/ RHLG - Duplicates	4	38	33	0	5	40,815
Discretionary/ Other Grants	1	8	8	0	0	0
Value Added Tax	1	23	23	0	0	0
Procurement – payroll	2	13	13	0	0	0
Unknown grant types (between)	1	1	1	0	0	0
Individuals - more than one report	1	19	0	0	0	0
Total	47	715	651	1	13	66,317

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 buys a 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 the council pays a fee. Checks are now progressing on data. Council Tax matches were released in February 2021 and the table below shows statistics as at July 2022. 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	4	1270	1270	18	33	25,798
Council Tax to HMRC household composition	3	2766	2496	68	79	67,467

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Data categories	Number					Savings
	Reports	Matches	Processed	Frauds	Errors	£
Premium council tax – SPD electoral register	4	1053	1022	41	120	47,579
Council Tax rising 18s	4	108	108	0	64	77
Council Tax – Other datasets	5	6674	5791	6	50	17,255
Council Tax – All datasets	1	1780	1780	0	0	0
Total	21	13651	12467	127	346	158,176

4. Audit assurance levels and classification of residual risk

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 will 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.
- **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.
- **Limited assurance:** there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its 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 its objectives.

Classification of residual risks requiring management action

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

- **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.*