

Subject:	Internal Audit Progress Report Qtr 1 2023/24	Status:	For Publication
Report to:	Audit and Accounts Committee	Date:	26 July 2023
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
1.1	The committee are asked to consider the internal audit progress report for Qtr 1 2023/24.

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 2023/24 internal audit plan

Quarter 1 April – June 2023



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 2023/24 audit plan, agreed at the March 2023 Committee meeting.

2. Summary of progress against the 2023/24 audit plan

2.1. In March the committee agreed a six month audit plan to give the new Chief Executive the opportunity to contribute to the audit programme for the year as a whole. We are due to meet the Chief Executive prior to the July audit and accounts committee to agree a number of additional audits to add to the plan and we will report these to the committee separately.

2.2. Of the nine full audits (excluding follow up work) agreed in March six are progressing and three have not been started. 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			
Contract procedure rules	Not started	1+2	
Business effectiveness			
Flexible working from home	Progressing	1+2	
IT critical application review – elections system	Progressing	1+2	
Service delivery			
Project management	Not started	1+2	
Service support			
Customer contact	Not started		
Business processes (follow up and compliance)			
Payroll	Progressing	2	
Council tax	Progressing	2	
Business rates/ NNDR	Progressing	2	
Housing benefits	Progressing	2	

Audit Title	Status	Audit Type	Assurance Opinion
Follow up of previous audits			
IT threat and vulnerability management (MIIA)	Not started	Follow up	N/A
IT critical application review – HR (MIIA)	Not started	Follow up	
Financial sustainability - Efficiency Savings and Income Targets	Not started	Follow up	
Delegated decision making by officers	Not started	Follow up	
Health and safety	Progressing	Follow up	
Sickness absence	Progressing	Follow up	

Stage of audit process (including follow up audits)	Number of audits
Completed (no report necessary)/ Final Report delivered	0
Draft report	0
Progressing (includes follow up audits)	8
Not started	7
Deferred/ cancelled	0
Total number of audits	15

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 were uploaded to the NFI website. The 2020/21 exercise is now closed and 2021/22 data sets are in the process of being uploaded.

2021/22 biennial exercise	Number						Savings
Data categories	Reports	Matches	Processed		Frauds	Errors	£
Housing benefit	5	17	17	0	0	0	0
Waiting Lists	6	88	2	6	0	1	£8,566

Internal Audit Service - Progress Report 2023/24 Quarter 1 - April to June 2023

2021/22 biennial exercise	Number						Savings
Payroll to payroll/ creditors	3	7	0	0	0	0	0
Creditors - duplicates	5	21	0	0	0	0	0
Council Tax Reduction Schemes	11	97	83	5	0	6	£10,353.43
Procurement – payroll	2	9	0	0	0	0	0
Multiple Occurrences	16	-	-	-	-	-	-
Total	32	244	102	11	0	0	£18,919.43

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. Premium Council Tax data is re-matched against data from a credit agency, for which the council pays a fee. The following Council Tax matches were released in December 2022 and have now been completed.

Data categories	Number					Savings
	Reports	Matches	Processed	Frauds	Errors	£
Premium council tax – SPD electoral register	1	283	283	0	51	£42,250.93
Council Tax rising 18s	1	33	33	0	0	£0
Total	2	316	316	0	51	£42,250.93

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.*

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