

Eastern Internal Audit Services



Breckland District Council

Progress Report on Internal Audit Activity

Period Covered: 18 September 2021 to 22 November 2021

Responsible Officer: Faye Haywood – Head of Internal Audit for Breckland District Council

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
 - Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from those audits; and
 - Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

2.1 At the meeting on 24 June 2021, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since our last report to the Committee in September 2021, there has been one significant changes to that plan as follows:

Audit description	Nature of the change
Private Sector Housing includes Disabled Facility Grants (DFGs), empty properties & enforcement, HMO licensing & standards (12 days)	<p>The recent Housing Services restructure and changes in arrangements for sourcing contractors to carry out DFG works, has prompted management to request that a review of the new arrangements are undertaken allowing more time for the changes to embed.</p> <p>Rather than postpone the already deferred assurance in this area, it was agreed that a position statement would be provided in quarter two to evaluate the existing high level controls such as procedural guidance and budget/performance management and that further assurance work would be carried out in quarter four by selecting a sample of DFG cases to evaluate the new arrangements.</p> <p>As a consequence of this approach, it was agreed to exclude coverage of HMO Licensing and Empty Property Enforcement and these areas will be risk assessed during audit planning for 2022/23.</p> <p>A total of eight days has been completed on phase one of the review and the results of the position statement are provided within this report. Phase two will commence in February 2022 where a further four days will be provided concluding in an assurance report.</p>

3. **PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK**

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary 39 days of programmed work has been completed by Internal Audit providers Tiaa and ARP Auditors, totalling 21% of the revised Audit Plan.

4. **THE OUTCOMES ARISING FROM OUR WORK**

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work "Operational Effectiveness Matters" are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report, one final position statement has been issued on Private Sector Housing – Disabled Facilities Grants. The suggested improvement actions are provided below:

- Management to review the 'Housing Assistance Policy – Mandatory and Discretionary Assistance' to make a clear distinction between a DFG and a Re-able grant, including the benefits of the latter or whether there are any benefits in continuing with Re-able grants altogether.
- A review of user access rights to Tascomi be completed to ensure they are reflective of current responsibilities.
- Staff to be required to declare an interest should an applicant be known to them where they are responsible for processing that application or who may work for one of the contractors working on behalf of the Council for completing DFG/Re-able works.
- Senior management to make a decision as to whether or not to revisit the cases referred to in this Position Statement to determine whether they were genuinely entitled to a grant (both DFG and Re-able) and had been correctly assessed, notwithstanding that fact that current staff within the team have been finding that supporting evidence on cases already in progress cannot be located. To minimise demand on already stretched resources to clear the pending backlog, consideration could be given to sample checking and or checking cases with a higher financial value. Furthermore, it must be ensured that with immediate effect, an application should not be progressed until all the supporting evidence and checks and measures have been applied and can be evidenced.
- The Council to retain accurate and comprehensive budget information on allocations, commitments and spend for DFGs and Re-able Grants.
- DFG actual spend and commitments, need to be reconciled between Tascomi and Integra forthwith and either monthly or at least quarterly, thereafter with evidence retained thereof.
- Management to consider the most effective and efficient means of collating performance data of processing DFGs.
- To consider the introduction of a formal risk or risks, with mitigations, around the processing of DFGs where backlogs arise either whilst waiting to be assessed by the Occupational Therapist/Assistant Practitioner and or after they are passed to the Council for processing.

5. PERFORMANCE MEASURES

5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA will be reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.

5.2 There are individual requirements for performance in relation to each measure; however, performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Internal Audit Consortium Manager to ensure that appropriate action is taken.

- 5.3 Allocated work from quarter two has now concluded in line with the revised plan. The majority of internal audit work is profiled in quarter three and quarter four. At time of writing, quarter three has not yet concluded. We are however satisfied that all work has been planned in and good progress has been made on delivering quarter three work thus far. Regular meetings are held with the contractor to discuss resourcing risks and to ensure that assigned work is completed in line with expectations and agreed timeframes.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							P1 Urgent	P2 Important	P3 Needs Attention	Op	
Quarter 2											
Private Sector Housing - DFGs.	BRK2210	12	8	8	Phase 1 - Final Report issued on 25 October 2021.	Position Statement					Dec-21
TOTAL		12	8	8							
Quarter 3											
Annual Governance Statement	BRK2201	8	8	5.5	Audit Planning Memorandum issued on 1 September 2021. Fieldwork complete, draft report being prepared.						
Accountancy Services	BRK2204	12	12	1	Audit Planning Memorandum issued on 20 October 2021. Fieldwork to commence in late November.						
Income	BRK2205	8	8	1	Audit Planning Memorandum issued on 4 November 2021. Fieldwork to commence at the start of December.						
HR and Payroll	BRK2206	12	12	6	Audit Planning Memorandum issued on 7 October 2021. Fieldwork underway.						
COVID-19 Business Grants	BRK2207	8	8	6.5	Fieldwork complete. Draft report being prepared.						
Legal Services	BRK2208	10	10	1	Audit Planning Memorandum issued on 4 November 2021. Fieldwork to commence in late November.						
Contact Centre	BRK2209	10	10	2	Audit Planning Memorandum issued on 26 October 2021. Fieldwork underway.						
TOTAL		68	68	23							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							P1 Urgent	P2 Important	P3 Needs Attention	Op	
Quarter 4											
Private Sector Housing - DFGs.	BRK2210	12	4	0	Phase 2 - Assurance follow up work February start date.						
Performance Management, Corporate Policy and Business Planning	BRK2202	10	10	0							
Key Controls and Assurance	BRK2203	10	10	0							
Licensing	BRK2211	10	10	0							
Environmental Services - Waste Management	BRK2212	10	10	0							
Office 365 Email and Calendar Management	BRK2213	8	8	0							
Digital Strategy	BRK2214	10	10	0							
TOTAL		70	62	0							
Follow Up											
Follow Up	N/A	10	10	5							
TOTAL		10	10	5							
TOTAL		160	148	36		Total	0	0	0	0	
Percentage of plan completed				24%							
Audit delivered by ARP											
ARP Audits											
Council Tax and Overpayments				1	Terms of reference approved						
National Non-Domestic Rates				1	Terms of reference approved						
Housing Benefits				1	Terms of reference approved						
ARP Enforcement											
TOTAL		35	35	3		Total	0	0	0	0	
				9%							
OVERALL TOTAL		195	183	39							
				21%							