

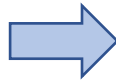
WOKINGHAM BOROUGH COUNCIL
Internal Audit & Investigation
2023/24 Quarter 3 Progress Report
(to 31 December 2023)

2023/24 Internal Audit and Investigation Plan

The purpose of this report is to present to the Audit Committee (AC) the progress in delivering the 2023/24 Internal Audit and Investigation Plan to the end of Quarter 3 of the financial year as part of our regular reporting and the key findings from our work. This is to ensure that the AC discharges its responsibilities in relation to governance, internal control and risk management.

The report includes areas of significant risk identified during our audit reviews and mitigating actions to address those risks. In addition, a summary of the Action Tracker to give Members of the Audit Committee assurances that concerns are being addressed and followed up regularly.

The internal audit programme of work aims to provide sufficient and appropriate coverage to enable the Head of Internal Audit and Investigation (fulfils the role of Chief Audit Executive) to provide an annual internal audit opinion on the Council's governance, internal control and risk management framework.



Summary

The Audit Committee (AC) approved the 2023/24 Internal Audit and Investigation Plan and Strategy at its meeting on 13 March 2023. The Plan continues to remain flexible as the Council responds to its changing risk profile. Any significant changes to the approved Plan will be reported to AC.

This report is provided as part of the quarterly reporting mechanism to AC and is to note the progress of the Team's work as at 31 December 2023.

Appendix A(I) lists the audits completed, at draft stage or work in progress in the period to 31 December 2023, as well as the Audit Opinion given for each review. Completed internal audit assignments are given an 'overall Internal Audit Opinion rating, with '1' being the highest category of audit assurance and '4' the lowest. Audit Opinion definitions are summarised at Appendix A(II).

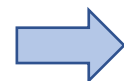
For those audits falling into the lower two categories of audit opinion, a summary is provided within this report and copies of the respective Internal Audit reports are provided to the Chair of the AC.

Follow up work is undertaken on all audits attracting the lowest two categories of audit opinion and on those concerns categorised as being Very High or High risk. This report also summarises the activity in regard to fraud and irregularities.

The work undertaken during the period contributes to informing the Head of Internal Audit's annual overall opinion on the Council's internal control, governance and risk framework, as required under the Public Sector Internal Audit Standards.

Internal Audit and Investigation Plan Status

Appendix A(I) shows the Internal Audit and Investigation Work Plan status as at 31 December 2023. This details audits finalised, at draft report stage or in progress. Changes since the Quarter 2 Progress Report are highlighted in yellow. In addition, the overall category of Audit Opinion given for each audit. Where audits have received the lower two categories of Audit Opinion (refer Appendix A(II) for definitions), a summary is provided within the Progress Report and a full copy of the respective reports is provided to the Chair of the Audit Committee.



As part of the annual Internal Audit and Investigation Plan, we aim to cover a number of Key Corporate Risks to the Council each year. The table opposite details all of the Councils Key Corporate Risks (as at November 2023) and highlights progress on those being audited during this financial year. The aim is that there is a link of the Internal Audit work directly into the Corporate Risk Register (CRR). This will build over time. There is also flexibility in the Internal Audit Plan to reflect new risks coming into the CRR and those being reduced in risk status or removed from the CRR. Numbering gaps are where risks have been removed or downgraded.

The results of follow up activity are also included within this report and also any audits where there are outstanding responses from management to draft reports.

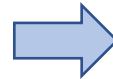
Ref	Risks as at November 2023	Audit in 2023/24
1	Budget & Financial Resilience - Specific Internal Audit coverage 2023/24: - - Financial Resilience/Compliance with CIPFA Financial Management Code Follow Up - Capital Monitoring - Debtors - Creditors - Procurement Cards - Reconciliation - Treasury Management	√ √ √ √ √ √ √
2	Corporate Governance	√
3	Workforce - Specific Internal Audit coverage 2023/24: - - Safer Recruitment - Recruitment and Retention Processes and References - Service Level Agreements	√ √ √
4	Uncontrolled Development (Local Plan Update)	
5	Outcomes and Costs for Children with Send	
6	Health and Safety	
7	ASC Supplier Sustainability and Sufficiency	
8	Cyber Security	√
9	Deliver the Council's Climate Emergency Action Plan	
10	Major Emergency Response (e.g., Pandemic). Specific Internal Audit Coverage 2023/24 - Civil Contingency Act Emergency Planning Preparedness & Crisis Management & Central Government Return	√
13	Adult Safeguarding	
14	Children's Safeguarding	
15	Resources to Support Emerging Communities.	
17	Mainstream Education Provision. Specific Internal Audit Coverage 2023/24: -School Place Planning	√
18	Magnitude of Change for 2024 Elections	
19	Information Governance	√
21	Local Housing Needs	
22	Support for Unaccompanied Asylum-Seeking Children	√

Risk references above, as per Corporate Risk Register, approved by AC November 2023

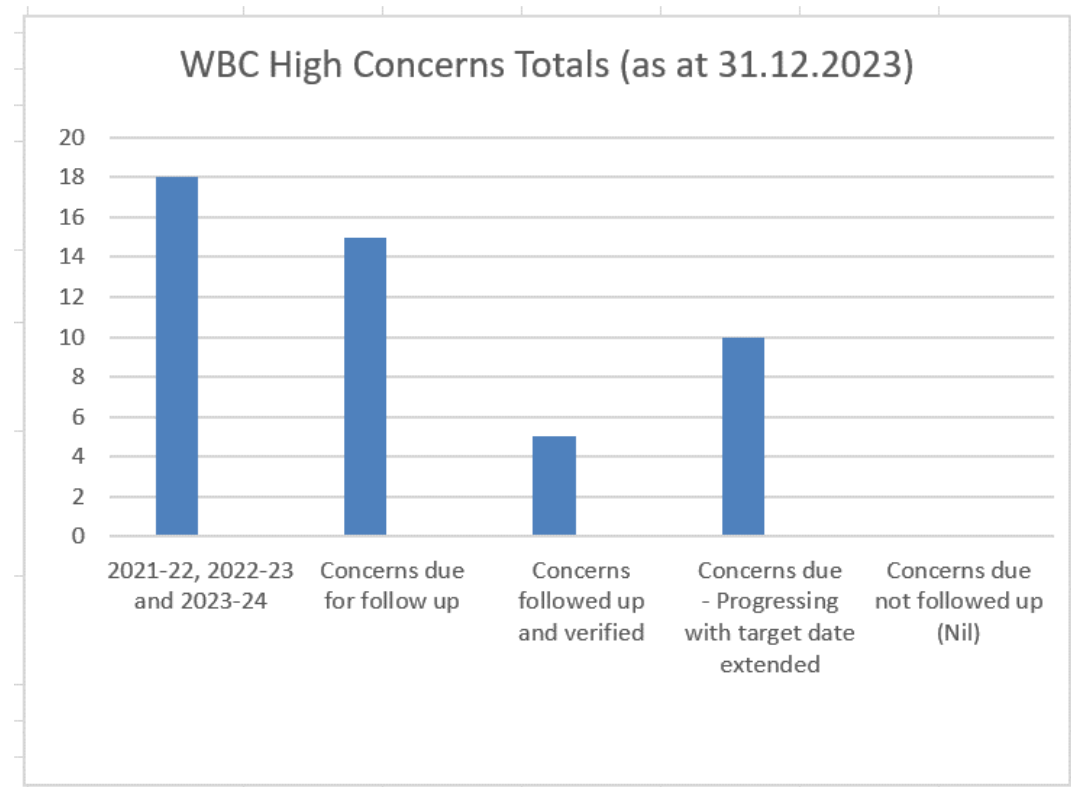
Follow Up Activity

An Action Tracker is maintained to record all High and Medium concerns identified during our audit reviews. Low risk concerns are reported to management verbally at the exit meeting. The Action Tracker is shared with the Chair of the Audit Committee.

The graph opposite and table below show total concerns and follow up activity for High-Risk concerns. At the time of reporting, all high-risk concerns due to be followed up have been confirmed and verified as being actioned by their due date with evidence to support this.



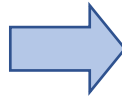
High Risk Concerns Follow Up



	Highs
2021-22	6
2022-2023	10
2023-24	2
High Concerns due for follow up (2021-22, 2022-23 and 2023-24)	15
High Concerns followed up and verified	5
High Concerns due – Progressing with target date extended	10
Concerns due not followed up	0

Follow Up Activity

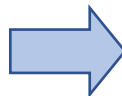
The table opposite shows the total number of High concerns in 2023-24, 2022-23 and 2021-22 and their status of Open or Closed.



Open / Closed Concerns		
Concern	Status	Total
High	Not Yet Due	3
	Closed	5
	Due - Progressing with target date extended	10
Total		18

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The table opposite shows the total number of High actions, the number of new audit actions raised since the last AC, and the number of High-risk concerns that were Open and Overdue compared to the Previous Quarter. There were no Overdue High-risk concerns.



	Audit Committee 29/11/23 (Q2 2023-24)	New audit Concerns (in 2023-24 Q3)	Audit Committee 07/02/24 (Q3 2023-24)
Total High Concerns	18	0	18
Total Open High Concerns	13		13
Concerns Overdue	0		0
Concerns not yet due	4		3

High Risk Concerns and Agreed Management Countermeasures

Audit	Audit High Risk concerns	Agreed Management Countermeasure	Actions due and status verified	Proposed Implementation date
2023-24				
Information Governance	2	1. Data Privacy Impact Assessments (DPIAs) – Changes to be led from the Project Manager or Service to complete documentation. Conversation to take place with Digital and Change team manager re: project management and increase of Comms to raise awareness of legal requirements. DIGB will raise at meetings to representatives for them to discuss and review their areas for historic DPIAs.	Not yet due	31/03/2024
		2. Information Services are responsible for training content. Uptake would need to come from HR Learning & Development Team. There is a signed undertaking with the ICO to complete refresher training at least every two years. Reports have gone out from HR and DIGB and message needs to be reinforced by Senior Leadership.	Progressing / target date extended	29/02/2024
2022/23				
Debtors	5	1. Training issue to be highlighted to all Services. AR to create new policies and procedures / training workshops with Service users.	Progressing / target date extended	31/03/2023 to 31/03/2024
		2. a) Revenues and Recovery Manager to review the Debtors SLA, processes, and procedures and will engage with service users. b) Robust performance measures were put in place and from 31 st July 2022, the invoices raised data will be shown on the reports.	a) Progressing / target date extended b) Complete	31/03/2023 to 31/03/2024 31/07/2022
		3. Senior Management intervention and debtors restructure will assist improvements. AR team now allocated certain 'patches' and will work with their service counterparts.	Complete	30/09/2022
		4. The Council needs to consider further innovation in its methods for receiving income.	Progressing / target date extended	31/03/2023 to 31/03/2024
		5. A reconciliation in 2018 matched payments and is still updated. AR are guided by Building Control re: write-offs, etc. Will continue to seek resolution with the Service.	Ongoing	Ongoing

Contract Management Compliance	4	1. a) Review approach and resources offered through Procurement & Contracts Team to support development / implementation of the contracts management framework. b) Highways representative to attend the Corporate Contract Management Framework meetings if and when they are set up.	a) Progressing / target date extended	30/04/2023 to 31/03/2024
			b) Complete	30/04/2023
		2. a) Improved contract governance through dashboard and business partnering in Procurement. Improved governance through the Strategic Procurement Board. b) Highways is currently looking at the services we deliver and contracts in place. Procurement will assist in understanding the length / expiry of each contract. when we need to start market engagement and the procurement process for each.	a) Not yet due	01/04/2024
			b) Complete	31/07/2023
		3. Highways is looking to recruit two permanent full-time Asset Specialists and an Asset Technical Assistant, which will assist in audit inspections / on-site inspections. It is also looking to recruit a QS to review all previous applications and identify any errors. As a measurable contract it can be re-visited at <u>anytime</u> during the contract.	Progressing / target date extended	30/09/2023 to 29/02/2024
		4. a) Engagement with Procurement (by Highways) is currently underway in preparation for procurement opportunities for the end of these four contracts. b) The Waste Manager role has been advertised and we hope to fill the position in early 2023. c) To review the contract management arrangements in the central Procurement Team.	a) Ongoing	On-going
			b) Complete	31/05/2023
			c) Progressing / target date extended	01/08/2023 to 31/03/2024
Right to Buy	1	1. We will create an internal policy to ensure the Government Legislation continues to be adhered to together with additional measures formalised within the policy. There will be a Policy Statement published to Tenants to set out expectations from us and them through the process. Internal Audit advice and support will be sought in this.	Not yet due	31/03/2024
2021/22				
Adult Safeguarding	1	1. Design and implement a local Quality Assurance Framework and devise a tool to ensure that quality learning takes place. Appoint to new grade 11 role.	Complete	30/06/2022
Recruitment and Safeguarding	2	1. a) Children's and Adults - Remind managers and verify that safer recruitment training is completed b) HR - Monthly reports to the HR Business Partners on completion of the mandatory training. Resourcing Team (from January 2023) to ensure that training is undertaken.	a) Complete	01/12/2022
			b) Progressing / target date extended	31/03/2023 to 31/03/2024

		2. a) Children's and Adults - Managers to forward all successful candidates recruitment documentation to HR Enquiries mailbox and retain unsuccessful recruitment documentation. b) HR - Review of all HR operational processes ongoing. Checklist for new starters will require team leader sign-off. Explore IT tracking methods and back-up options.	a) Complete	14/11/2022
			b) Complete	31/03/2023
Reconciliations	3	1. Finance will add an annual schedule of key reconciliation checks to the close down programme. This will be passed to Internal Audit to inform audit planning and enable spot checks of key reconciliations related to a Service Area being audited.	Progressing / target date extended	31/03/2023 to 31/03/2024
		2. a) A project delivery plan is being drafted for Technology Forge and scoping the resource (people and finance) required to enable TF to become the hub for property data. b) An outline governance framework for the new (property recording) process and this will be enhanced once the work on Technology Forge is underway. c) Property Team will investigate to ensure that any income due for the Fixed Asset Register properties is billed and that our liabilities as landlord are being fulfilled. The Property Team are working with Finance on short-term enhancements and manual processes to reduce risks until the <u>longer term</u> solution can be implemented.	a) Progressing / target date extended b) Progressing / target date extended c) Complete	31/03/2023 to 31/03/2024 31/03/2023 to 31/03/2024 31/03/23 to 30/09/2023
		3. a) Process mapping is underway to understand processes for investment property and estates property and whether they should be separate or a single process. An action plan will be put in place to harmonise the 2 processes where possible. b) An assessment will be made of the benefit of using managing agents and external legal provision and if viable, management of investment property will be brought in-house (with a view to when current contracts expire).	Complete	31/03/2023 31/03/2023

Implementation verified as complete	5
Concern progressing / Target date extended	10
Target date not yet due	3

Category 3 / 4 Audit Opinions

For reporting to Audit Committee, we provide a summary of audits falling into the lowest two categories of Audit Opinion. Directors help inform the Audit Plan and, as part of that, ask Internal Audit to focus on areas that require more intense scrutiny to help them make improvement. Where audits do fall into the lower two categories of Audit Opinion this may be a reflection of the Audit Plan being targeted at the highest risk areas.

Full copies of audits falling into the Category 3 or 4 Audit Opinion are provided to the Chair of the Audit Committee.

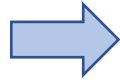
In Quarter 1, one audit (Right to Buy) and in Quarter 2, a second audit (Information Governance) attracted the third category of Audit Opinion. These were discussed with Audit Committee at the September and November meetings.

There were no audits finalised in Quarter 3 that attracted the third or fourth categories of Audit Opinion.

Fraud and Irregularities

The Internal Audit and Investigation Plan includes provision for undertaking reactive and proactive investigations.

There have been no incidences of material fraud, irregularities or corruption discovered or reported during the year. The work undertaken by the team has included re-active investigations as well as developing pro-active anti-fraud drives. A summary of the key areas activity since we last reported is provided here.



Anti-Fraud Activities

National Fraud Initiative Data Matching Exercise – The National Fraud Initiative (NFI) data matching exercise conducted by the Cabinet Office is to assist in the prevention and detection of fraud. The exercise for 2023/24 commenced in Q3 with the required datasets. This exercise is purely for the Council Tax Single Person Discounts in place. The next detailed NFI Data Matching Exercise will be undertaken in quarters 3 and 4 2024/25.

Whistleblowing – There have been 2 new Whistleblowing cases received in Quarter 3 by the service up to the date of this report which are currently being investigated.

Pro-active Exercises - Empty Property Relief – An Empty Property Relief exercise commenced in Quarter 2 and was completed in Quarter 3. The number of letters sent out initially for the empty property review was 392 with 173 reminder letters being dispatched. In total, 279 (71.17%) were returned from initial posting or reminder letter. Of these, 155 (55.55%) resulted in a change in circumstances.

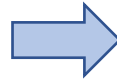
It should be noted that the properties identified in the Council Tax Empty Property Relief exercise as occupied that were previously shown as unoccupied feed into the New Homes Bonus Scheme formula and may result in extra income into the Council through liable charges being raised for previous Council Tax liability.

Expenses Fact Finding Investigation - Following a request from Human Resources and Organisation Development to investigate the expenses claims of an officer, on behalf of the Service Team Manager, a Fact-Finding investigation was undertaken with a view to determining potential fraudulent travel and other expense claims. The report was used to inform a Disciplinary Hearing.

Public Sector Internal Audit Standards

The Public Sector Internal Audit Standards (PSIAS), as revised in April 2017, define the service and professional standards for public sector internal audit services.

Compliance is monitored on a regular basis, as part of the review process for individual audits and as part of annual self-assessment reviews of the internal audit service. An external review of the service is required to be undertaken every five years in accordance with the PSIAS. The most recent External Review was undertaken in July 2023.



Compliance with Public Sector Internal Audit Standards

The PSIAS, as revised in April 2017, define the service and professional standards for public sector internal audit services. Key, specific PSIAS provisions include:

PSIAS: 2010 - *“The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”*

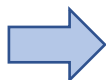
PSIAS: 2450 – *“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”*

The Internal Audit Service is designed to conform to the PSIAS. Under the PSIAS there is a requirement for internal audit services to have an external quality assessment every five years. An external review of the Service against the PSIAS was undertaken by CIPFA in July 2023 and the highest category of conformity has been given, ‘Fully Conforms’, from the range of CIPFA definitions of ‘Fully Conforms (Highest), Partially Conforms, Does Not Conform (Lowest)’. As such, WBC Internal Audit and Investigation Service has the highest level of conformance according to the definitions and action priorities are at the lowest they can be. No areas of non-compliance with the standards were identified, nor were any significant areas of partial non-compliance identified. There were no recommendations for improvement in the report, only five minor advisory suggestions made for consideration that are being actioned and progress in their implementation will be reported periodically to AC.

Work will continue to ensure the Service maintains these standards going forwards.

CIPFA Statement on the Role of Head of Internal Audit

The Head of Internal Audit occupies a critical position in any organisation, helping it to achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and playing a key role in promoting good corporate governance. CIPFA has publicised a Statement on the Role of the Head of Internal Audit in public service organisations to help ensure that organisations engage with and support the role effectively.



Compliance with CIPFA Statement on the Role of Head of Internal Audit

In addition to the work undertaken to inform the CIPFA External Assessment against the PSIAS, a self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit was undertaken by Internal Audit, that was verified by CIPFA, and this is referred to in the CIPFA External Assessment report.

This assessment identified minor action points that have been incorporated into the PSIAS Action Plan.

Updates on the implementation of the advisory points from the PSIAS External Assessment and the self-assessment against the Role of the Head of Internal Audit will be reported periodically to the Audit Committee.

Appendix A(I)

2023/24 Internal Audit and Investigation Annual Report (1 April 2023 to 31 December 2023)

Key Corporate Risks

Audit title	Directorate	Status	Final audit report opinion
Budget & Financial Resilience (Key Corporate Risk 1) comprising: -			
- Compliance with CIPFA Financial Management Code (Follow Up)	Resources & Assets		
- Capital Expenditure	Resources & Assets	WIP	
- Debtors - Key Financial System	Resources & Assets	WIP	
- Creditors - Key Financial System	Resources & Assets	Final Report Issued	2
- Procurement Cards	Resources & Assets	Draft Report being prepared	
- Reconciliation Follow Up	Resources & Assets		
- Treasury Management Key Financial System	Resources & Assets	Final Report Issued	2
Corporate Governance (Key Corporate Risk 2)	Resources & Assets		
Human Resources (Key Corporate Risk 3) comprising: -	Cross Cutting		
- Safer Recruitment – revisit the 2021/22 Internal Audit Report	Chief Operations Office	WIP	
- Recruitment and Retention Process and References – review of new procedures.	Chief Operations Office	Deferred to 2024/25 – new procedures not ready to audit	
- Service Level Agreements – review of processes and compliance	Chief Operations Office	Deferred to 2024/25 – process not ready to audit	
Self-Assessment of Council's Arrangements Information Governance and Cyber Security Arrangements (Follow Up) (Key Corporate Risk 8)	Chief Operations Office	WIP	
Civil Contingency Act Emergency Planning Preparedness & Crisis Management & Central Government Return Information (Key Corporate Risk 10)	Place & Growth	Deferred to Q4 due to Peer Review	
School Place Planning (Key Corporate Risk 17)	Children's Services	WIP	

Appendix A(I) Contd./...

Audit title	Directorate	Status	Final audit report opinion
Information Governance (Key Corporate Risk 19)	Resources & Assets	Final Report Issued	3
Unaccompanied Asylum-Seeking Children (Key Corporate Risk 22)	Children's Services	Draft Report issued	

Key Operational Risks

Audit title	Directorate	Status	Final audit report opinion
Procurement & Commissioning	Resources & Assets	WIP	
(NEW) Contract Management – Preparation for New Procurement Regulations 2023	Resources & Assets	ToR issued	
Enforcement & Safety Service (Part II)	Place & Growth		
Community & Infrastructure Levy	Place & Growth		
Public Health	Adult Services	2024/25 Internal Audit Plan	
S106 Agreements (Follow Up)	Place & Growth		
Use of Temporary Accommodation and Bed and Breakfast	Children's Services		

Governance Building Blocks

Audit title	Directorate	Status	Final audit report opinion
Risk Management	Cross Cutting		
Governance of WBC Companies	Resources and Assets	Deferred to Q4 due to external review	
Annual Governance Statement (AGS) 2023/24	Cross-Cutting	Ongoing through year with audit input to Statutory Officers' Group	

Appendix A(I) Contd./...

Servicing the Business

Audit title	Directorate	Status	Final audit report opinion
Effectiveness of System of Internal Audit / Public Sector Internal Audit Standards External Assessment Preparation	Cross Cutting	CIPFA External Review Completed July 2023	Internal Audit Service assessed as being 'Fully Complies' with PSIAS
Follow Up Countermeasures / Testing	Cross Cutting	Ongoing	

Grant Certifications

Audit title	Directorate	Status	Final audit report opinion
Supporting Families (Quarter 1)	Children's Services	Certified	n/a
Supporting Families – Pre and Post October 2022 Framework (Quarter 2)	Children's Services	Certified	n/a
Supporting Families (Quarter 3)	Children's Services	Certified	n/a
DfT Local Transport Capital Funding Grant	Place & Growth	Certified	n/a
Bus Subsidy Revenue Grant/BSOG	Place & Growth	Certified	n/a
Changing Places Fund	Resources & Assets	Certified	n/a
Disabled Facilities Capital Funding Grant	Place & Growth	Certified	n/a

Contingency/Consultancy/Management Requests

Audit title	Directorate	Status	Final audit report opinion
Licensing – GDPR Breach (Management Request)	Place & Growth	Draft Report Issued	
Grazeley School (Management Request)	Children's	ToR	

Appendix A(I) Contd./...

Fraud and Investigation

Audit title	Directorate	Status	Final audit report opinion
Empty Property Relief Exercise	Resources & Assets	Completed - Results in Main Body of Report	n/a
Whistleblowing: Housing enquiry (Tenancy Agreement)	Place & Growth	Completed	n/a
Expenses Fact Finding Investigation	Adults	Completed	n/a
Support for Care Provider Investigation (External Investigation)	Adults	Completed	n/a
Police Disclosure of Personal Data Requests	Resources & Assets	Future requests transferred to Information Governance & Data Protection Team to be dealt with centrally	n/a

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2022/23 Audits Completed in 2023/24

Audit title	Directorate	Status	Final audit report opinion
Budget & Financial resilience (Key Corporate Risk 1) - Financial Monitoring	Resources & Assets	Final	2
Right to Buy	Place & Growth	Final	3
Risk Management	Cross Cutting	Final	2

Key: -

Audits progressed since Quarter 2 Internal Audit and Investigation Progress Report highlighted in yellow

Appendix A(I) Contd./...

Audit Opinions

1 - Complete and Effective

2 - Substantially Complete and Generally Effective

3 - Range of Risk Mitigation Controls is incomplete, and risks are not effectively mitigated

4 - There is no effective Risk Management process in place

Legend

C – Certification

E – Exempt

WIP – Work in Progress

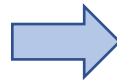
Draft – Draft Report stage

Final – Final Report issued

Appendix A(II)

Audit Opinion Definitions

The Audit Opinion stated in the audit report provides management with a brief objective assessment of the status of current Treatment Measures which have been put in place to reduce identified risks to the operation or strategy under review. It is not a statement of fact.



In reaching the Audit Opinion for this audit, the majority of the criteria for the relevant definition apply.

Complete and Effective

- ♦ All necessary Treatment Measures are in place and are operating effectively.
- ♦ Residual risks have been reduced to an acceptable level
- ♦ There are no unacceptable financial implications.
- ♦ Concerns reported are minor.

(Risk management processes are strong, and controls are adequate and effective).

Substantially Complete and Generally Effective

- ♦ Most key Treatment Measures are in place, and these operate effectively.
- ♦ The majority of residual risks have been reduced to an acceptable level.
- ♦ There are minor unacceptable financial implications.
- ♦ The majority of concerns are of a predominately moderate impact/likelihood.

(Risk management processes are good, and controls are adequate although only partially effective).

Range of Risk Mitigation Controls is incomplete, and risks are not effectively mitigated

- ♦ Not all key Treatment Measures are in place and / or do not operate effectively
- ♦ Residual risks have not all been reduced to an acceptable level
- ♦ There are some unacceptable financial implications associated with more than one risk mitigation control or because of a lack of risk mitigation control.
- ♦ There are a number of concerns that are predominantly of a major impact/likelihood.

(Risk management processes and controls are adequate but not effective in mitigating the identified risks).

There is no effective Risk Management process in place

- ♦ There are no appropriate Treatment Measures in place.
- ♦ Residual risks remain at an unacceptable level
- ♦ Reported concerns are predominantly of a catastrophic or major impact/likelihood.

(Risk management processes and controls are weak).