

## Appendix A

**Shared Audit and Investigation Service**  
**Wokingham Borough Council Performance Report**  
**2019/2020 to 31 December 2019**  
**Audit Committee 5 February 2020**

**2019/20 Quarterly Progress Report (to 31 December 2019)**

**1. Introduction**

1.1 This report summarises the work of Internal Audit and Investigation to 31 December 2019.

**2. Internal Audit**

**Performance against Audit Plan to 31 December 2019**

- 2.1 Appendix A (I) presents progress made against the approved 2019/20 Internal Audit and Investigation Plan approved at the meeting of this Committee on 7 February 2019. We are reporting progress as at the 31 December 2019 and are actively managing the Audit Plan to take account of developments regarding the Council Plan and the continuous improvement programme to ensure that our audit work is focussed on assisting the organisation to achieve its objectives and to add value.
- 2.2 There were 12 audits carried forward from 2018/19, 10 are at final report stage, 1 at draft report stage and 1 work in progress. For 2019/20 audits there are 6 that are at Draft Report stage and 9 are work in progress.
- 2.3 The majority of audits have received the top two assurance categories (1 and 2).
- 2.4 There no audits since the Quarter 2 progress report submitted to the Audit Committee on 6 November 2019 completed to final report stage that attracted the third category of audit opinion (Range of Risk Mitigation Controls is incomplete and risks are not effectively Mitigated) in respect of 2018/19 Debtors follow up audit. There are no audits falling into the fourth category of audit opinion (There is no effective Risk Management process in place).
- 2.5 Below is a summary of progress made against those audits that have been reported previously to the Audit Committee;

**Debtors**

Debtors/Accounts Receivable has received a Category 3 audit opinion for the past two financial years. Updates have been periodically reported to this Committee, the most recent being to the June 2019 Audit Committee in the Annual Report 2018/19 – Shared Audit and Investigation Service.

The 2019/20 audit still resulted in a Category 3 audit opinion at draft report stage, although a number of significant improvements have been made and continue to progress. Further evidence of progress is expected to be provided by management during Quarter 4 which may reduce the risk levels identified before a final report is issued.

Key concerns and current status are summarised as:

- Adequacy of management reporting showing the overall debt position, breakdown of debts and debt deemed to be collectable – improvements have been made to debt

reporting provided to budget managers. Whilst the level of debt has reduced since the previous audit, this remains an issue and procedures are in place to track the Council's overall debt position on a monthly basis.

- Adequacy of debt monitoring and supporting records – a revised proactive approach to debt management is to be developed during 2020, whereby service managers will be required to focus on debt prevention at source. Improvements to debt management reporting have been made recently and management aim to improve further. In addition, the process for setting up direct debit payments is being reviewed in liaison with IMT Services to help improve income collection.
- Aged debts not subject to regular review and recovery actions – a project is underway to identify aged debt which is collectable compared with debt requiring write-off authorisation. This will also give a truer representation of the outstanding recoverable overall debt position.

### Housing Rents

An internal audit of Housing Rents was carried out during Q3. This was at draft report stage at the end of December 2019. Audit testing showed considerably improved debt management of both current and former tenant arrears since the previous audit with collection rates at 110%, plus improved management reporting with an improved overall audit opinion (category 2) expected.

A report was submitted to the Audit Committee 6th February 2019 entitled “Update on Internal Audit of Housing Rents” (item 51). This report concluded that debt was being actively managed with recovery actions taken prior to consideration for write-off. Enquiries during the recent audit showed considerable progress made, in particular:

- Monthly reports have continued to be submitted to the TLIP (Tenant and Landlord Improvement Panel to December 2019, showing an analysis of rent collection and collection of arrears against targets set. In addition, rent KPI's are reported quarterly to CLT.
- The reports to TLIP show significant progress with arrears reduction over the past year to 18 months, with total arrears reduced to £533,023 in December 2019 (3.63% of annual debit) compared with £637,682 in September 2018 (4.43% of annual debit). Yearly targets for arrears as a percentage of annual debt have been set annually to 2024/2025 (2% target). The target for the end of 2019/20 is 3.8% which is set to be exceeded based on the December 2019 percentage of 3.63%.
- There is evidence of immediate contact with tenants in arrears with payment guidance given. Direct debits have been encouraged and have improved collections.
- Regular reviews have taken place following work carried out by collection agencies to certify write-offs where debts are considered uncollectable or uneconomic to collect.

### Public Health

A follow-up audit was in progress as at the end of Q3 to evidence how management is addressing the high and medium risk concerns identified in the final audit report issued April 2019. These concerns were primarily around governance arrangements and financial budget monitoring.

The Assistant Director People Commissioning, submitted a report to CLT in October 2019 outlining the approach to address the existing issues around the governance and

accountability. CLT agreed that the Public Health team would work with the directorates to develop the approach outlined and to monitor progress against the outcomes going forward. Copies were supplied as part of the audit follow-up exercise.

The Public Health Programme Manager provided update information as at the end of Q3 as follows:

- A dedicated team is now in place to manage the Public Health (PH) programme and grant administration.
- The Risk Register is now in place for PH and is to be reviewed and updated as required.
- A Framework has been developed and is due to be published through the Joint Strategic Needs Assessment (JSNA) website, expected early 2020.
- The Memorandum of Understanding (MOU) is still to be signed and the governance arrangements for managing compliance to be clarified.
- Financial Monitoring – the PH Programme Manager is working closely with the appointed Finance Specialist to reconcile the budget with actuals and establish a robust monitoring process going forward and is to provide further evidence to complete the audit follow-up exercise.
- Performance Management Dashboard – performance indicators are being developed for regular reporting to the Health and Well-Being Board, commencing early 2020.

The full follow-up audit findings will be reported to senior management during Q4 and an update provided to the next Audit Committee.

- 2.5 Where concerns are classified as being Very High or High that have been tolerated by management, these are highlighted to the Audit Committee. There have been no cases in Quarter 1 of Very High or High concerns being tolerated by management.
- 2.6 Management is given one month between the draft and final reporting stage to address any countermeasures and, where applicable, improve the overall audit opinion. There were no audits during the quarter where the audit opinion was improved from the draft to final report stage.
- 2.7 Where progression of the 2019/20 Audit and Investigation Plan has been impacted by the availability of staffing resources we have prioritised high profile audits and will roll forward any key areas into the 2020/21 Plan.

#### Contingency

- 2.8 Contingency days to date have been spent on one piece of consultancy work in respect of Taxi Licensing.

### **3. Corporate Investigations**

- 3.1 Corporate investigations so far this year have included 22 Council Tax Reduction Scheme/Council Tax Single Person Discounts, 20 Housing Tenancy, 4 Whistleblowing, 1 Disciplinary, 1 Grievance and 1 Member Code of Conduct case. The results of an investigation at a school which has previously been reported to this committee is still outstanding awaiting an update from the Criminal Prosecution Service.
- 3.2 Due the diversity of the investigation topic areas there are no trends or patterns for the committee to be made aware of.

### Regulation of Investigatory Powers Act

- 3.3 No new investigations have been undertaken during Q3 2019/20 that have required Regulation of Investigatory Powers Act surveillance approval to be requested.
- 3.4 The Council is currently subject to a targeted inspection from the Investigatory Powers Commissioner's Office and the results of the inspection will be reported to the next Audit Committee meeting. The action points raised from the previous inspection have been addressed.