

Internal Audit and Investigation Service
Progress Report
2022/23 to 30 June 2022
Audit Committee 28 September 2022

2022/23 Quarterly Progress Report (to 30 June 2022)

1. Introduction

1.1 This report summarises the work of the Internal Audit and Investigation Service in the first three months of the 2022/23 financial year to 30 June 2022.

2. Internal Audit

Performance against Audit Plan to 30 June 2022

2.1 Appendix A(I) to this report presents progress made against the approved 2022/23 Internal Audit and Investigation Plan, which was approved at the meeting of this Committee on 30 March 2022. We are reporting progress as at the 30 June 2022 and we are actively managing the Internal Audit Plan to take account of developments regarding the Council's requirement to make savings across the authority over the remainder of the financial year. As a result of the Chief Finance Officer's request for the Internal Audit and Investigation Service to contribute towards the corporate savings in this financial year, Appendix A(II) to this report provides an In-Year Review of the originally approved 2022/23 Internal Audit and Investigation Plan. The revised Plan provides enough coverage to provide a Head of Internal Audit Annual Opinion on the Council's internal control, risk management and governance framework, which is required under the Public Sector Internal Audit Standards.

2.2 Table 1 provides a summary and status of audits at 30 June 2022, including those carried forward and completed from the 2021/22 financial year.

Table 1: Status of 2022/23 audits (including audits carried forward from 2021/22)

Audit Status	Number of audits / associated audit work
Final Report (2 c/fwd. from 2021/22)	3
Draft Report (2 c/fwd. from 2021/22)	5
Grants Certified	5
Work in Progress	6
Total	19

2.3 For the reviews completed, where an audit opinion was appropriate (i.e., Final Report stage), the following breakdown of classification is summarised in Table 2 below.

Table 2: Summary of 2022/23 Audit Opinions (including audits carried forward from 2021/22)

Overall Audit Opinion	Summary of Audit Opinion	No. of Audits completed during 2022/23 (incl. carried forward from 2021/22)
1	Complete and Effective	1
2	Substantially Complete and Generally Effective	2
3	Range of Risk Mitigation Controls is incomplete, and risks are not effectively mitigated	0
4	There is no effective Risk Management process in place	0
Grant Certifications	Certified	5
N/A	Advisory	0

- 2.4 In this current period, the team is focused on a number of audits in progress. To date, there have been no audits finalised from the 2022/23 Plan where the audit assurance was less than level 2, however there was one audit carried forward from 2021/2022 FY where the audit assurance was less than level 2, i.e., internal controls “substantially complete and effective.”
- 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. Table 1 shows a summary of concerns identified, their risk rating and those followed up.

Table 1 Summary of Follow Up Activity (to 30 June 2022)

2022-23 – Quarter 1	
	High
Concerns raised	11
Concerns due to be followed up (from previous audits)	1
Followed Up	1
Management Action to Mitigate Risk	1
2021-22	
	High
Concerns raised in 2021-22	1 High (5 at Draft stage)
Concerns due to be followed up (from previous audits)	4 from 2020-21 8 from 2019-20
Followed Up	4 (within 2022-23 audit plan) 8
Management Action to mitigate Risk	N/A (2022-23) 8

- 2.7 In each case, follow up work activity has been undertaken on High-risk concerns to check to supporting evidence that the concerns have been effectively mitigated.
- 2.8 For internal audit activity prior to these years, results of follow up activity on audits achieving an overall Category 3 Audit Opinion has been routinely reported to Audit Committee.
- 2.9 There have been no cases in 2022-23 Quarter 1 of Very High or High concerns being tolerated by management.
- 2.10 Management are given one month between the draft and final reporting stage to address any countermeasures and, where applicable, improve the overall audit opinion. There are no audits where this option was taken from the audits finalised during the first quarter of the financial year.

Grant Certification

- 2.11 Where a grant giving body requires an internal audit certificate before releasing payment, the team carries out work to verify and certify amounts that the Council can claim. Without this certification, grants may become repayable. Grants certified during Quarter 1 include: -
- Supporting People Grant – Quarter 1
 - Protect & Vaccinate
 - Homelessness Prevention
 - Rough Sleeping Accommodation Programme
 - Covid Grants – Post Payments Assurance Checks

Consultancy, Contingency and Advice

- 2.12 In addition to completing planned audit reviews, the team also provide consultancy, ad hoc advice and guidance across the Council to assist colleagues with ensuring control and governance arrangements are considered in developing processes/policies etc.
- 2.13 Consultancy/management requests for internal audit work has been requested and agreed in Quarter 2 in respect of: -
- Dinton Catering Contract
 - Health and Safety
 - Right to Buy

Outstanding Management Responses

- 2.14 There are no outstanding management responses to audit reports.

3. Corporate Investigations

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

National Fraud Initiative Data Matching Exercise – The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office to assist in the prevention and detection of fraud. Data for the NFI is provided by participating organisations from the public and private sectors including government departments. The last two datasets from the last bi-annual upload of data (2021/22) are being reviewed for Payroll and Creditors matches and results will be reported in a future meeting of this Committee.

Covid Grants post payment assurance work – Evidence has been obtained and submitted to the Department for Business, Energy and Industry Strategy in accordance with the requirements of Covid grant conditions for various Covid business grants paid. In addition, any fraud risk assessments have been completed and returned.

Police DPA requests - These requests are received on an ad-hoc basis and require immediate response to ensure that we are working efficiently with the Police for the prevention and detection of crime, the prosecution and/or apprehension of offenders and/or protecting the vital interests of a person.

Freedom of Information / Data Protection Act Requests - We aim to ensure that these requests are responded to within the legal timescale requirements. Freedom of Information requests relating to internal audit and investigation work include fraud and whistleblowing.

Revenues and Benefits Fraud Training – During the quarter, Fraud awareness training has been delivered to the Revenues and Benefits Training covering the areas of Council Tax Reduction Scheme and other Council Tax discounts such as Single Person Discount and Empty Properties.

4. 2022/23 INTERNAL AUDIT AND INVESTIGATION PLAN – IN-YEAR REVIEW

- 4.1 2022/23 continues to be a period of significant uncertainty as Councils are responding to the economic and financial situation and their changing risk profiles. As such, it is important for the Internal Audit and Investigation team to continue to remain agile at this time, enable flexibility and be a responsive audit function during a period of uncertainty.
- 4.2 During the financial year to date, there have been two staffing vacancies that have been covered by interim resource. One vacancy has now been recruited to on a permanent basis. The interim resource will cease at the end of September 2022.
- 4.3 As part of the council's savings proposals, the Chief Finance Officer has requested that the vacant post within the Internal Audit and Investigation team is frozen to contribute to mitigating the impact of overspends across the council. It is intended that this is a temporary measure. As such, the original 2022/23 Internal Audit and Investigation Plan has been reviewed and proposals have been put forward to defer a number of originally agreed audits to the 2023/24 financial year. This reflects the resources available to deliver internal audit activity and to be able to provide minimal assurance over key risk areas and provide the Head of Internal Audit Annual Audit Opinion at the end of the year on the council's internal control, risk management and governance processes. This will not impact on the work already committed with our external clients. This revised plan is attached at Appendix A(II) to this report.
- 4.5 The revision to the Plan has involved consultation with the Corporate Leadership Team.

5. AUDIT AND INVESTIGATION – OTHER WORK AREAS

Internal Audit

IIIA/CIPFA CONFORMANCE WITH PUBLIC SECTOR INTERNAL AUDITING STANDARDS (PSIAS) EXTERNAL REVIEW

- 5.1 The PSIAS, as revised in April 2017, define the service and professional standards for public sector internal audit services. The standards apply to the Internal Audit function in all parts of the public sector in the UK and are mandatory. Internal Audit activity is undertaken in compliance with the PSIAS.
- 5.2 Internal Audit service providers are required to have an independent external assessment every five years. The last assessment was undertaken in 2018 and as such, arrangements are being made to engage with an external reviewer to undertake this external assessment in quarter 4 of this year. A report is being prepared for Corporate Leadership Team to agree the reviewer.

Investigations

Regulation of Investigatory Powers Act (RIPA) – Investigatory Powers Commissioners Office Inspection

- 5.3 The Council has been subject to an Investigatory Powers Commissioners Office Inspection on 24 August 2022. Work was undertaken in preparation for this that has included a refresh and update of the Council's RIPA Policy and Procedures, which will be presented to a future meeting of the Audit Committee with the suite of the Council's other Fraud Policies.
- 5.4 Training was arranged to be carried out in August 2022 for the Senior Authorising Officer (Chief Executive) for their specific role requirements and for the Council's approved Authorising Officers in order to ensure that their knowledge and skills in this area is up to date.
- 5.5 A detailed Schedule of Evidence and documentation requirements is also being completed in preparation for the Inspection.
- 5.6 No new investigations have been undertaken during 2022/23 that has required Regulation of Investigatory Powers Act surveillance approval to be requested.

This page is intentionally left blank