

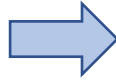
WOKINGHAM BOROUGH COUNCIL
Internal Audit & Investigation
2022/23 Quarter 2 Progress Report
(to 30 September 2022)

2022/23 Internal Audit and Investigation Plan

The purpose of this report is to present to the Audit Committee (AC) the progress in delivering the 2022/23 Internal Audit and Investigation Plan to the end of Quarter 2 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 2022/23 Internal Audit and Investigation Plan and Strategy at its meeting on 30 March 2022. The original Plan was subject to an In-Year review due to a request from the Chief Financial Officer to freeze a vacant Senior Auditor post to contribute towards the Council's savings requirements for 2022/23. This is a temporary measure. A revised Plan was agreed by AC on 28 September 2022. The revised Plan continues to remain flexible as the Council responds to its changing risk profile.

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 30 September 2022.

Appendix A(I) lists the audits completed, at draft stage or work in progress in the period to 30 September 2022, 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 as at 30 September 2022

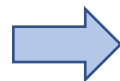
Appendix A(I) shows the Internal Audit and Investigation Work Plan status as at 30 September 2022. This details audits finalised, at draft report stage or in progress. In addition, the overall category of Audit Opinion given for each audit. Where audits have received the lower two categories of Audit 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 30 September 2022) and highlights progress on approved to be audited during the 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.

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. We are currently on track to deliver the revised 2022/23 Internal Audit and Investigation Plan.

Key Corporate Risks Audited During Reporting Period

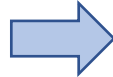
Ref	Risks as at 30 th September 2022	Audit in 2022/23
1	Budget & Financial Resilience - Financial Management - Review of Self-Assessment against the CIPFA Financial Management Code	Q3 – in progress Programmed for Q4
2	Corporate Governance	Ongoing through Statutory Officer's Group and results from LGA Peer Review
3	Workforce	
4	Uncontrolled Development (Local Plan Update)	
5	Education for Children with SEND	Deferred to 2023/24 due to Safety Valve review and as part of In-Year Review of Plan
6	Failure to meet statutory duties	CS Assurance Mapping
7	ASC Supplier Sustainability and Sufficiency	
8	Climate Emergency	Review of Governance arrangements completed.
9	Information Governance & Cyber Security	Review of Corporate Self-Assessment against best practice
10	Major Emergency Response e.g., Pandemic	
11	High Needs Block overspend	Deferred to 2023/24 as part of In-Year Review of Plan
12	Health & Social Care Reform	
13	Adult Safeguarding	Audit completed
14	Children's Safeguarding	
15	Inward migration	
16	Public Transport	
17	Education Provision Mainstream	
18	Electoral Reform	



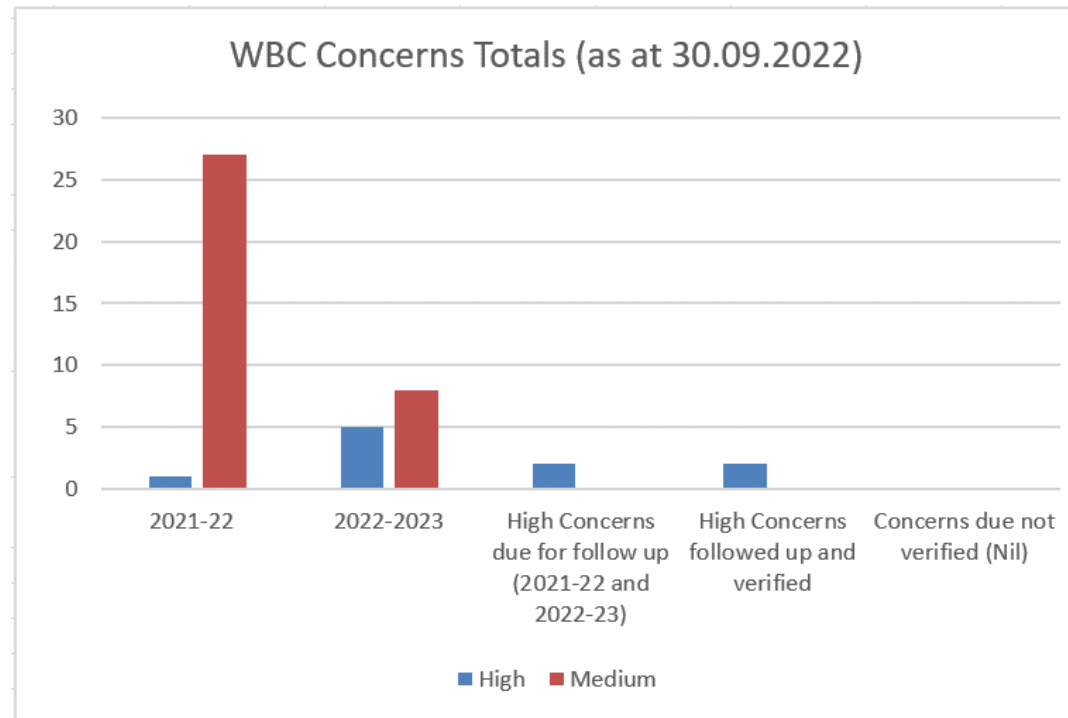
Follow Up Activity

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.



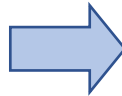
High Risk Concerns Follow Up



	High	Medium
2021-22	1	27
2022-2023	5	8
High Concerns due for follow up (2021-22 and 2022-23)	2	
High Concerns followed up and verified	2	
Concerns due not verified	0	

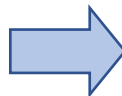
Follow Up Activity

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



Open / Closed Concerns		
Risk	Overdue	Total
High	Open / Not yet due	4
	Closed	2
High Total		6
Medium	N/A - Closed	35
Medium Total		35
Grand Total		41

The table opposite shows the total number of High and Medium 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 28/09/2022 (Q1)	New audit actions	Audit actions closed	Audit Committee 30/11/22 (Q2)
Total actions	27	14	-	41
High	1	5	-	6
Medium	26	9	-	35
Total open actions (High Concerns)	1	5	2	4
Overdue	0	0	0	0
Not yet due	1	4	2	4

Category 3 / 4 Audit Opinions

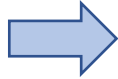
For reporting to Audit Committee, we provide a summary of audits falling into the lowest two categories of Audit Opinion. Directors help inform the Audit Plan and, as part of that, ask Internal Audit to focus on areas that require more intense scrutiny to help them make improvement. Where audits do fall 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 the year to date, one audit (Debtors), has attracted the third category of audit opinion and was reported at the last AC. There are no new audits finalised in Quarter 2 that attracted the third or fourth category 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.

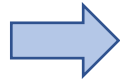


Anti-Fraud Activities

National Fraud Initiative Data Matching Exercise – The National Fraud Initiative (NFI) 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 bi-annual upload of data for the NFI has taken place and the data matches have largely been investigated. The initial results from the 2021/22 Work Programme were reported in the 2021/22 Annual Internal Audit and Investigation Report. Updated information has identified that there were no issues raised for the Payroll matches. For the Creditors matches, possible duplicate payments were identified and are being investigated by the Accounts Payable Team. There were no other issues identified in the Creditor matches.

Pro-active Exercises - Empty Property Relief - During the second quarter, an exercise to investigate Council Tax Empty Property Relief was undertaken. The number of letters sent out for the empty property review was 413 with 354 (86%) returned, of which 165 (47%) of these reported changes in circumstances. Where there were no returns, all properties were visited, resulting in a 100% check. 75% of those cases where a visit took place, resulted in changes. 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.

Contd./...



Anti-Fraud Activities

Covid grant post payment assurance work - Evidence has been obtained and submitted to the Department for Business, Energy and Industry Strategy (BEIS) in accordance with the requirements of Covid grant conditions for various Covid business grants paid as follows: -

- Additional Restrictions Covid-19 Business Grant Scheme
- Omicron Hospitality & Leisure Covid-19 Business Grant Scheme
- Local restrictions support Grant (LRSG) Closed Addendum – November Grant Scheme
- LRSG – Closed Addendum – 5th January Onwards Grant Scheme
- Closed Business Lockdown Grant Scheme
- LRSG (Closed) Addendum Tier 4 Grant Scheme
- Restart Grant Scheme

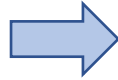
In addition, all fraud risk assessments have been completed and returned to BEIS by the required deadline.

Police Data Protection Act (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. As at 30th September, 16 DPA requests have been received, completed and returned.

Freedom of Information 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. There were 3 FOI requests received and responded to in Quarter 2.

Regulation of Investigatory Powers Act Inspection

Between August and October 2022, the Council received an inspection by the Investigatory Powers Commissioner's Office (IPCO) in respect of its use of the Regulation of Investigatory Powers Act. Opposite is a summary of the Inspector's findings.



Summary of Regulation of Investigatory Powers Act (RIPA) Inspection findings: -

The Council demonstrated a level of compliance that removes, for the present, the requirement for a physical inspection.

Authorising Officer refresher training was found to be up to date.

The Council's RIPA Policy and Procedures documents were found to be comprehensive and have been updated in line with the recommendations from the previous Inspection.

In accordance with paragraph 4.47 of the Covert Surveillance and Property Interference Code of Practice, the Elected Members are provided with quarterly updates on RIPA activity (or inactivity).

There were only two areas for improvement identified: -

- 1) Open-source record sheets (for use with Internet research) to be promulgated more widely to other regulatory or enforcement teams across the Council.
- 2) The RIPA Procedures document to be updated to include specific guidance in relation to the destruction of RIPA material.

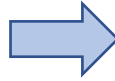
It was suggested that consideration be given to the Assistant Director Governance replacing the Chief Executive Officer as the Senior Responsible Officer (SRO) in terms of practicalities.

Thanks were given to the Head of Internal Audit and Investigation and Assistant Director Governance for providing comprehensive background reading in advance of the inspection and making themselves available for interview.

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.



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. The last external review was undertaken in 2018, with an ongoing self-assessment exercise being undertaken annually. A further external review of the Service against the PSIAS is planned for early 2023/24.

2022/23 WBC Internal Audit and Investigation Plan - Quarter 2 Status as at 30 September 2022

Key Financial Systems

Audit title	Directorate	Status	Final audit report opinion
Debtors	Resources & Assets	Final	3
Housing Rents	Place & Growth	Final	2

Key Corporate Risks

Audit title	Directorate	Status	Final audit report opinion
Information Governance & Cyber Security – Self Assessment of Council's Arrangements (Advisory)	Communities, Insights & Change	Draft (Awaiting final sign off by Senior Management)	

Key Operational Risks

Audit title	Directorate	Status	Final audit report opinion
New Enforcement & Safety Service	Place & Growth	WIP	

Servicing the Business

Audit title	Directorate	Status	Final audit report opinion
Annual Governance Statement preparation 2021/22	Cross Cutting	n/a	n/a
Bearwood School	Children's Services	Draft	
Public Sector Internal Audit Standards External Assessment Preparation	Cross Cutting	WIP	
Follow Up Countermeasures /Testing	Cross Cutting	Ongoing	

Grant Certifications

Audit title	Directorate	Status	Final audit report opinion
Protect & Vaccinate	Adult Services	Certified	n/a
Supporting Families (Quarter 1 & 2)	Children's Services	Certified	n/a
Homelessness Prevention	Place & Growth	Certified	n/a
DfT Transport Capital Grant	Place & Growth	Certified	n/a
Rough Sleeping Accommodation Programme	Place & Growth	Certified	n/a
Disabled Facilities Grant	Adult Services	WIP	
Covid Grants – Post Payment Assurance Checks	Resources & Assets		
<ul style="list-style-type: none"> • Additional Restrictions Covid-19 Business Grant Scheme • Omicron Hospitality & Leisure Covid-19 Business Grant Scheme • Local restrictions support Grant (LRSG) Closed Addendum – November Grant Scheme • LRSG – Closed Addendum – 5th January Onwards Grant Scheme • Closed Business Lockdown Grant Scheme • LRSG (Closed) Addendum Tier 4 Grant Scheme • Restart Grant Scheme 		Certified Certified Certified Certified Certified Certified Certified	n/a n/a n/a n/a n/a n/a n/a

Contingency/Consultancy/Management Requests

Audit title	Directorate	Status	Final audit report opinion
S106 Agreements	Place & Growth	Draft	

Investigations

Audit title	Directorate	Status	Final audit report opinion
National Fraud Initiative Data Matching Exercise	Cross Cutting	WIP	Results in main report
Empty Property Relief	Resources & Assets	Completed	Results in main report
Whistleblowing Preliminary Investigation	Adults	Completed preliminary investigation. Passed to Directorate - completed	n/a
Revenues & Benefits Fraud Awareness Training	Resources & Assets	Completed	n/a
Regulation of Investigatory Powers Act – Policy and Procedures Refresh	Cross Cutting	Completed	n/a
Regulation of Investigatory Powers Act Training	Cross Cutting	Completed	n/a
Investigatory Powers Commissioners Office Inspection	Cross Cutting	Completed	IPCO Report received 15/11/22 - see Main Report
Police Disclosure of Personal Data Requests	Resources & Assets	Ongoing	n/a

2021/22 Audits Completed in 2022/23

Audit title	Directorate	Status	Final audit report opinion
Climate Emergency	Place & Growth	Final	2
Benefits & CTRS	Resources & Assets	Final	1
Reconciliation (Consultancy)	Resources & Assets	Draft*	
Public Protection Partnership Review (Advisory)	Place & Growth	Final	n/a
Recruitment & Safeguarding (Management Request)	Chief Executive	Draft	
Diversity & Equality Self-Assessment Verification	Cross Cutting	Final	n/a
Equality Data	Cross Cutting	Draft*	

- Finalised since this Progress Report was prepared

Audit Opinions

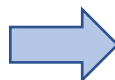
1 - Complete and Effective
2 - Substantially Complete and Generally Effective
3 - Range of Risk Mitigation Controls is incomplete, and risks are not effectively mitigated
4 - There is no effective Risk Management process in place

Legend

C - Certification
E – Exempt
WIP – Work in Progress
Draft – Draft Report stage
Final – Final Report issued

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).

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