

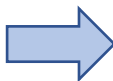
**WOKINGHAM BOROUGH COUNCIL**  
**Internal Audit & Investigation**  
**2022/23 Quarter 3 Progress Report**  
**(to 31 December 2022)**

## 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 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 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 31 December 2022.

Appendix A(I) lists the audits completed, at draft stage or work in progress in the period to 31 December 2022, as well as the Audit Opinion given for each review. Progress on audits since the last reporting to AC are highlighted in yellow. 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).

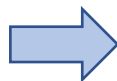
For those audits falling into the lower two categories of audit opinion, a summary is provided within this report and copies of the respective Internal Audit reports are provided to the Chair of the AC.

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 regarding fraud and irregularities.

The work undertaken during the period contributes to informing the Head of Internal Audit's 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 31 December 2022

**Appendix A(I)** shows the Internal Audit and Investigation Work Plan status as at 31 December 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 November 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.

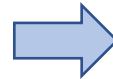
The results of follow up activity are also included within this report and any audits where there are outstanding responses from management to draft reports. We are currently on track to deliver the revised 2022/23 Internal Audit and Investigation Plan.

Ref	Key Corporate Risks as at November 2022	Audit in 2022/23
1	Budget & Financial Resilience <ul style="list-style-type: none"> <li>- Financial Management</li> <li>- Review of Self-Assessment against the CIPFA Financial Management Code</li> </ul>	Q3 – in progress Q3 – in progress
2	Corporate Governance	Ongoing through Statutory Officer's Group and results from LGA Peer Review
3	Workforce	
4	Uncontrolled Development (Local Plan Update)	
5	Outcomes and Costs for Children with SEND	Deferred as part of In-Year Review of Plan
6	Failure to meet statutory duties	CS Assurance Mapping
7	ASC Supplier Sustainability and Sufficiency	
8	Cyber Attack	Review of Corporate Self-Assessment against best practice completed
9	Climate Emergency	Review of Governance arrangements completed
10	Major Emergency Response e.g., Pandemic	
11	High Needs Block overspend	Deferred as part of In-Year Review of Plan
12	Health & Social Care Reform	
13	Adult Safeguarding	Review completed
14	Children's Safeguarding	
15	Inward migration	
16	Public Transport	
17	Education Provision Mainstream	
18	Electoral Reform	
19	Information Governance	

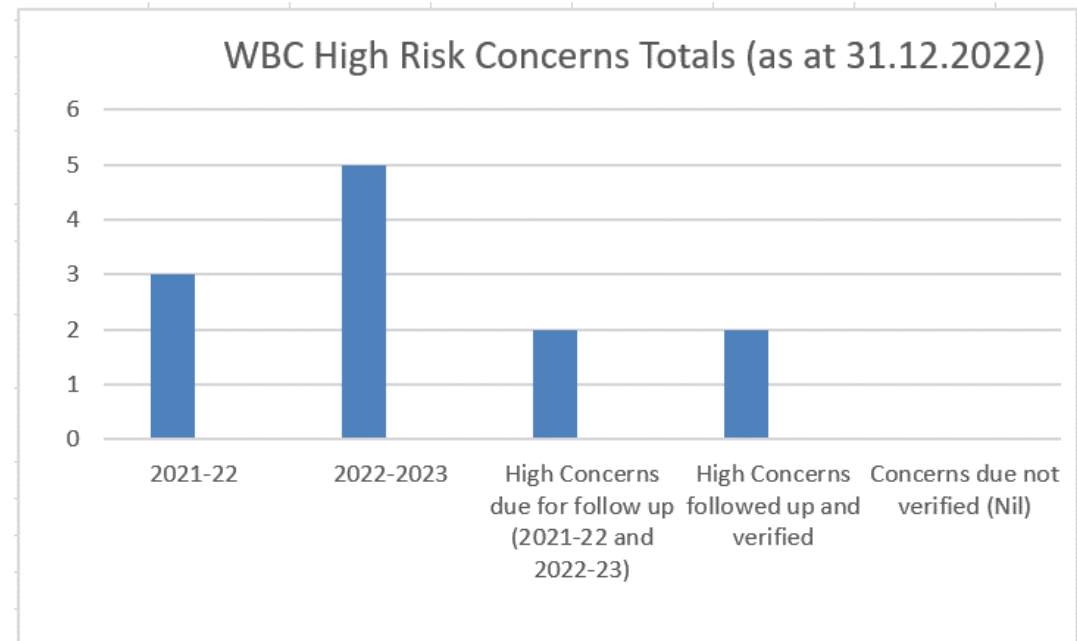
**Follow Up Activity**

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 totals 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.



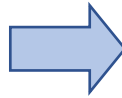
**High Risk Concerns Follow Up**



	High
2021-22	3
2022-2023	5
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

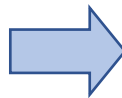
The table opposite shows the total number of High concerns in 2021-22 and 2022-23 and their status of Open or Closed.



Open / Closed Concerns		
Concern	Status	Total
High	Open / Not Yet Due	6
	Closed	2
Total		8

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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 30.11.22 (Q2)	New audit Concerns (in Q3)	Audit Concerns closed (in quarter)	Audit Committee 13/03/23 (Q3)
Total High Concerns	6	2		8
Total open High Concerns	4	2	0	6
Overdue	0			0
Not yet due	4	2		6

## High Risk Concerns and Agreed Management Countermeasures

Audit	No. of High Risk concerns	Agreed Management Countermeasure	Actions due and status verified	Proposed Implementation date
<b>2021/22</b>				
<b>Adult Safeguarding</b>	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
<b>Recruitment and Safeguarding</b>	2	a) <b>Children's and Adults</b> - Remind managers and verify that safer recruitment training is completed b) <b>HR</b> - Monthly reports to the HR Business Partners on completion of the mandatory training. Resourcing Team (from January 2023) to ensure that training is undertaken.	Complete	01/12/2022
			Not yet due	31/03/2023
		a) <b>Children's and Adults</b> - Managers to forward all successful candidates recruitment documentation to HR Enquiries mailbox and retain unsuccessful recruitment documentation. b) <b>HR</b> - 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.	Complete	14/11/2022
			Not yet due	31/03/2023
<b>2022/23</b>				
<b>Debtors</b>	5	Training issue to be highlighted to all Services. AR to create new policies and procedures / training workshops with Service users.	Not yet due	31/03/2023
		a) Revenues and Recovery Manager to review the Debtors SLA, processes, and procedures and will engage with service users.	Not yet due	31/03/2023
		b) Robust performance measures were put in place and from 31 <sup>st</sup> July 2022, the invoices raised data will be shown on the reports.	Complete	31/07/2022
		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
		The Council needs to consider further innovation in its methods for receiving income.	Not yet due	31/03/2023
		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

Key:

Implementation verified as complete
Combined Concern with part completed
Target date not yet due

## Category 3 / 4 Audit Opinions

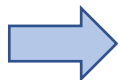
For reporting to Audit Committee, we provide a summary of audits falling into the lowest two categories of Audit Opinion. Directors help inform the Audit Plan and, as part of that, ask Internal Audit to focus on areas that require more intense scrutiny to help them make improvement. Where audits do fall 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 3 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 for 2021/22 was completed and reported in this financial year. The 2022/23 exercise is currently underway with data sets being uploaded to the Cabinet Office secure systems. Data matches are due to be returned at the end of January 2023 for investigation by the team.



## Fraud and Irregularities Contd./...

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 grants audited in the quarter include: -

- Local Restrictions Grant Schemes Pre and Post Payment Assurance (PPAS) – Part 2
- Restart Grant Pre and Post Payment Assurance (PPAS)

**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 31<sup>st</sup> December 2022, 49 DPA requests have been received in the year to date (18 received in quarter 3) and all have been completed and returned.

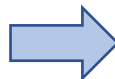
**Freedom of Information Requests** - We aim to ensure that these requests are responded to within the legal timescale requirements. Freedom of Information requests relating to internal audit and investigation work include fraud and whistleblowing. There have been 2 FOI requests received and responded in the year to date.

**Whistleblowing Referrals** – there have been 6 Whistleblowing referrals in the year to date, one of which was a new referral that was received in quarter 3, which is being investigated by Legal Services. For the other 5 referrals, two have been resolved by the relevant service and 3 are being investigated.

## 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.

## Appendix A(I)

## 2022/23 WBC Internal Audit and Investigation Plan - Quarter 3 Status as at 31 December 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
Budget & Financial Resilience - Financial Monitoring	Resources & Assets	WIP	
Budget & Financial Resilience - Review of Self-Assessment against the CIPFA Financial Management Code*	Resources & Assets	WIP*	
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	Final	2
Contract / Client Management Compliance	Place & Growth	WIP	

\*Audit was WIP at end December 2022 but has progressed during early Quarter 4 and a draft report has been provided to the Assistant Director Finance to inform his report to this Audit Committee on this subject area

## Appendix A(I) Contd./...

**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	Final	2
Effectiveness of System of Internal Audit / Public Sector Internal Audit Standards External Assessment Preparation	Cross Cutting	WIP	
Follow Up Countermeasures /Testing	Cross Cutting	Ongoing	
Assurance Mapping	Cross Cutting	WIP	

## Appendix A(I) Contd./...

## Grant Certifications

Audit title	Directorate	Status	Final audit report opinion
Protect & Vaccinate	Adult Services	Certified	n/a
Supporting Families (Quarter 1)	Children's Services	Certified	n/a
Supporting Families (Quarter 2)	Children's Services	Certified	n/a
Supporting Families (Quarter 3)	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	Certified	n/a
Test and Trace Support	Resources & Assets	Certified	n/a
Covid Grants – Post Payment Assurance Checks	Resources & Assets		
<ul style="list-style-type: none"> <li>Additional Restrictions Covid-19 Business Grant Scheme</li> <li>Omicron Hospitality &amp; Leisure Covid-19 Business Grant Scheme</li> <li>Local restrictions support Grant (LRSG) Closed Addendum – November Grant Scheme</li> <li>LRSG – Closed Addendum – 5<sup>th</sup> January Onwards Grant Scheme</li> <li>Closed Business Lockdown Grant Scheme</li> <li>LRSG (Closed) Addendum Tier 4 Grant Scheme</li> <li>Restart Grant Scheme</li> <li>Local Restrictions Grant Schemes Pre and Post Payment Assurance (PPAS) – Part 2</li> <li>Restart Grant Pre and Post Payment Assurance (PPAS)</li> </ul>		Certified Certified Certified  Certified Certified Certified Certified Certified Certified	n/a n/a n/a  n/a n/a n/a n/a n/a n/a

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## Contingency/Consultancy/Management Requests

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

## Appendix A(I) Contd./...

## Investigations

Audit title	Directorate	Status	Final audit report opinion
National Fraud Initiative Data Matching Exercise (2022/23 Exercise)	Cross Cutting	In progress	
National Fraud Initiative Data Matching Exercise (2020/21 Exercise – delayed due to Covid)	Cross Cutting	Completed	Results reported in Q2 Progress Report
Empty Property Relief	Resources & Assets	Completed	Results reported in Q2 Progress Report
Whistleblowing Preliminary Investigation	Adults	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 – results reported in Q2 Progress Report
Police Disclosure of Personal Data Requests	Resources & Assets	Ongoing	n/a

## Appendix A(I) Contd./...

**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	Final	2
Diversity & Equality Self-Assessment Verification	Cross Cutting	Final	n/a
Equality Data	Cross Cutting	Final	2

Indicates progress since Quarter 2 Audit and Investigation Report (presented to Audit Committee 30 November 2022)

**Appendix A(II)****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).

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