INTERNAL AUDIT SHARED SERVICE

Blaby District Council

Internal Audit Progress Report 2022/23 Q3

1. Introduction

1.1 Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2022/23 Internal Audit Plan up to 31 December 2022.

2 Internal Audit Plan Update

2.2 The 2022/23 audit plan is included at Appendix A for information and shows the audits in progress.

2.3 Since the last update report eight final reports have been issued, these are detailed at appendix B. Additionally, two draft reports have been issued from the 2022/23 audit plan

- Environmental Permits - Reasonable
- Benefits – Substantial
- Council Tax – Reasonable
- NNDR – Reasonable
- Income Collection - Reasonable
- Creditors - Reasonable
- Debtors – Reasonable
- Payroll – Reasonable
- Treasury Management – draft issued
- Policy Management – draft issued

The audits due to take place in Q4 are:
- Leisure Centre Fees & Charges
- Business Continuity
- Fleet Management
- Environmental Health – HMO's
- Contaminated Land
- Service Planning including Performance Management

3 Internal Audit Recommendations

3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. There are seven overdue recommendations, updates on the progress have been received, as detailed in Appendix C.

4 Internal Audit Performance Indicators

4.1 Progress against the agreed Internal Audit performance targets are documented in Appendix D. There are no areas of concern at this stage.

Appendix A

2022/23 AUDIT PLAN PROGRESS TO 31 DECEMBER 2022

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Workforce Planning	Audit	8		Planning						
Policy Management	Audit	12	11	Draft Report						
Fleet Management	Audit	10		Planning						
Disabled Facilities Grant Determinations	Grant	4	3.5	Completed	N/A					
Building Control	Advisory	2		As required						
Leisure Centres Fees & Charges	Audit	8		Q4						
Leisure Centres Contract	Advisory	3	2.5	As required						
Lightbulb	Advisory	2		As required						
Environmental Permits	Audit	8	16	Completed	Reasonable	-	8	6	-	
Environmental Health - HMO's	Audit	10	0.5	Planning						
Car Parking	Advisory	2		As required						
Revenue & Benefits - new system	Advisory	2		As required						
Contaminated Land	Audit	6	0.5	Planning						
Key Financial Systems as detailed below										
Benefits	Audit	3	3.5	Completed	Substantial	-	-	1	-	
Council Tax	Audit	4	3.5	Completed	Reasonable	-	1	-	-	
NNDR	Audit	10	8.5	Completed	Reasonable	-	1	-	1	
Income Collection	Audit	4	3	Completed	Reasonable	-	1	-	-	
Creditors	Audit	10	8	Completed	Reasonable	-	-	2	1	
Debtors	Audit	4	3	Completed	Reasonable	-	-	1	-	
Main Accounting	Audit	10	3	In progress						
HR & Payroll	Audit	4	4	Completed	Reasonable	-	2	7	-	

Treasury Management	Audit	4	2.5	Draft Report							
Business Grant assurance work, inc NFI	Advisory	10	2	As required							
Service Planning including Performance Management	Audit	10	0.5	Planning							
Service Planning including Performance Management	Advisory	2		As required							
ICT Partnership	Advisory	2	1	As required							
Business Continuity	Audit	8	0.5	Planning							
LAD 2 – Green Homes Grant	Certification		2.5	Completed							Addition to the plan.

Audit Opinion Definitions

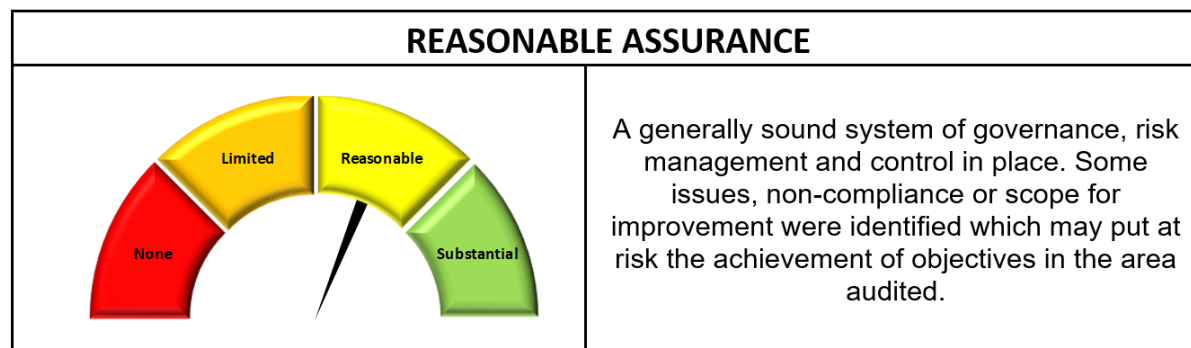| Opinion	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Recommendation Priority

Level	Definition
Critical	Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences.
High	Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks.
Medium	Recommendations which, although not fundamental to the system, provide scope for improvements to be made,
Low	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed or potential opportunities for management to improve the operational efficiency and/ or effectiveness of the system.

EXECUTIVE SUMMARY OF FINAL AUDIT REPORTS ISSUED 01 OCTOBER 2022 – 31 DECEMBER 2022

ENVIRONMENTAL PERMITS

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings
Areas of positive assurance identified during the audit:

- The Enforcement Policy is up to date and the legislation, guidance manuals and statutory process notes are available to officers online.
- Testing of nine permits found that the correct application fee and annual subsistence fee had been charged in each case.
- Officers are suitably qualified.
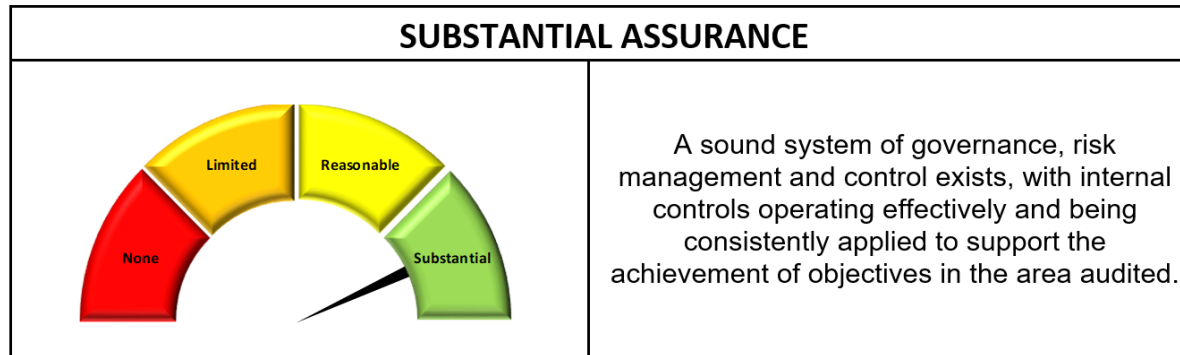
The main areas identified for improvement are:

- The publication of information
- The inspection process
- Performance management and monitoring
- The IDOX system usage and records

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Review and update the information published on the website to ensure that it is accurate and up to date and directs users to the current application forms and charges.	Medium	Agreed. Website to be updated making reference to the 2017 charging scheme which is still in force.	Environmental Services Team Assistant	15th October 2022
2. The ongoing development of the IDOX module should include the facility to record the annual subsistence charge and invoicing details.	Medium	Agreed. Work will continue to update the module and add this information to the system.	Senior Technical Officer and Performance and Systems Officer	31st December 2022
3. Invoice and payment records are checked periodically by Environmental Services staff to ensure all income due has been invoiced and appropriate action is taken for any which are overdue.	High	Agreed. All outstanding invoices have been chased and most now paid. Procedure now in place with Finance to check unpaid invoices.	Environmental Services Team Assistant / Environmental Health Officer	30th September 2022
4. Review and update the online register to provide an accurate record of all current permits and ensure that a process is in place to update this annually.	High	Agreed. Processes to be updated on Uniform system. The possibility of a link to the public access system to provide an electronic public register will be explored.	Senior Technical Officer and Performance and Systems Officer	31st December 2022
5. The system records for each permit should be reviewed in full and updated as required to	High	Agreed.	Performance and Systems Officer	31st December 2022

correctly reflect the current status of each permit, all other relevant details, and ensure that all supporting documentation is attached.		See above. Training will take place with all officers once records updated. This work is already in progress.		
6. Review and update the hard copy Public Register to reflect the current status of each permit and the latest summary of accounts. Extinct permit records should be retained separately.	Medium	Agreed. Financial records requested from Finance. Folders to be reviewed.	Senior Technical Officer and Environmental Services Manager	30th November 2022
7. Opportunities for benchmarking inspections data against other local authorities should be explored and facilitated if possible.	Medium	Not agreed / risk accepted. Benchmarking already takes place within the team with officers shadowing inspections and the processes being moved between officers. Do not propose undertaking inspections with officers from other authorities.	N/a	N/a
8. An inspection recording procedure is agreed, documented and issued to all relevant staff to ensure consistency going forward.	High	Agreed. Once uniform updated a procedure will be developed with template letters.	Senior Technical Officer and Performance and Systems Officer	31st December 2022
9. Standard templates are developed to record and notify the operator of the outcome of each inspection in order to improve consistency and provide a clear audit trail.	Medium	See above. Template letters already set up, training needed for team.	Senior Technical Officer and Performance and Systems Officer	31st December 2022

10. Review and update the inspection records for each case as required to accurately reflect the inspections completed from at least 01.04.21 onwards and enable the workflow system to operate effectively going forward.	High	Agreed. Already in progress	Environmental Services Team and Performance and Systems Officer	31st December 2022
11. Arrangements are put in place to monitor and improve the independence and quality of the inspection process, including e.g. the regular rotation of officers across each installation, spot checks by a senior officer and unannounced site visits.	High	Agreed. Spot checks to be scheduled.	Senior Technical Officer	Throughout year.
12. Performance should be formally monitored and recorded.	High	Agreed. Performance graphs will be available on uniform once system updated.	Environmental Services Manager	31st January 2023
13. Review, update and reissue the warrants held by officers.	Medium	Agreed. Warrants updated.	Environmental Services Manager	30th September 2022
14. One-to-one training in respect of the IDOX system module should be arranged for all relevant officers, with procedures being developed from this.	High	Agreed. The Performance and Systems Officer has allocated time each week until October to update and amend the records. Once this is done 1:1 training will be undertaken with each officer.	Performance and Systems Officer.	30th November 2022

BENEFITS

SUBSTANTIAL ASSURANCE	
	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Key Findings

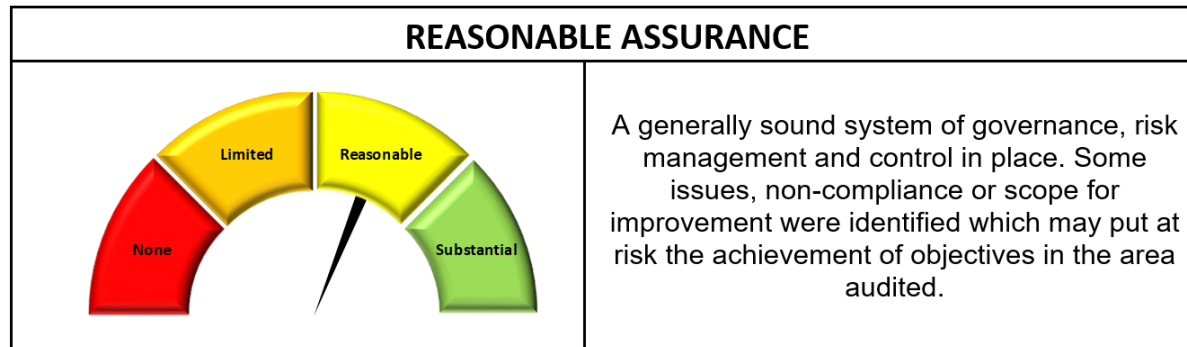Areas of positive assurance identified during the audit:

- Key procedure notes are up to date and accessible to all relevant staff
- System parameters had been updated for 2022/23 as expected
- Access to the system had been removed for leavers
- Reconciliations are up to date

The sole area identified for improvement is:

- Supervisory monitoring

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Independent spot checks are completed to ensure that payment errors identified through monitoring have been corrected as required.	Medium	Agreed.	Senior Team Leader	Immediate and ongoing.

COUNCIL TAX

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

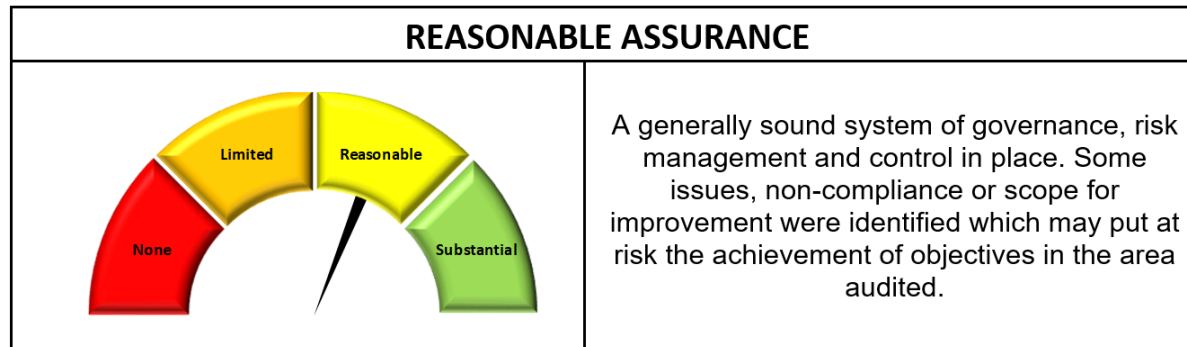Areas of positive assurance identified during the audit:

- Procedure notes are up to date and accessible to staff.
- System parameters had been updated for 2022/23 as required.
- Supervisory monitoring checks are completed to ensure accuracy of billing and focus on discounts, disregards and exemptions.
- The Council Tax system is regularly reconciled to Valuation Office records.
- Access to the system is adequately controlled.

The main area identified for improvement is:

- The monitoring and review of the suspense account

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
A plan is put in place to ensure that the suspense account is proactively reviewed and monitored on a regular basis. Consideration is given to the development of a procedure to periodically transfer historic unallocated receipts to a separate income code, subject to appropriate authorisation.	High	Agreed.	Senior Team Leader.	30.11.22 (to develop the plan) 31.12.22 (to implement the plan and start the review process)

NNDR

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

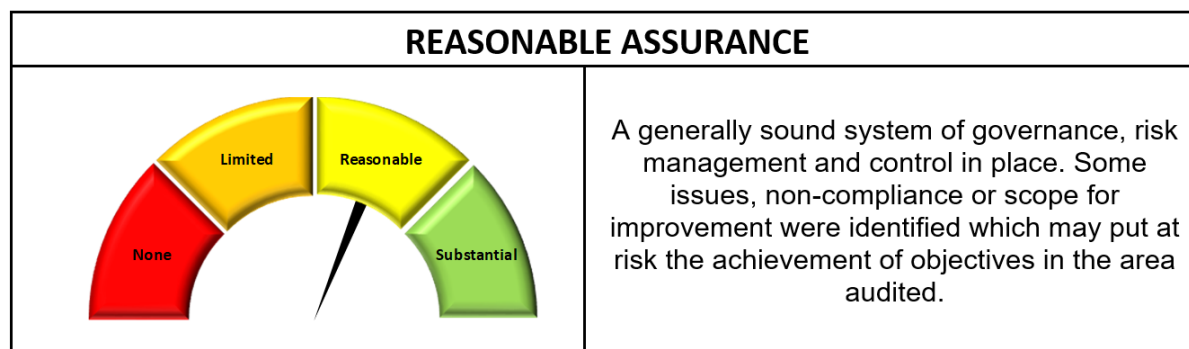Areas of positive assurance identified during the audit:

- Procedure notes are up to date and accessible to staff.
- There is adequate separation of duties between billing, the collection and recording of income and recording of transactions.
- Arrangements are in place to receive information from the Valuation Office and the Planning service and the system is regularly reconciled to Valuation Office records.
- System parameters had been updated for 2022/23 as required.
- Empty properties are reviewed periodically.
- Refunds, write offs and discretionary reliefs are authorised as required.
- The suspense account is regularly monitored and transfers are actioned promptly.
- Access to the system is adequately controlled.

The main area identified for improvement is:

- Supervisory monitoring

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Monitoring checks are completed and recorded in accordance with procedures.	High	Agreed.	Senior Team Leader	Immediate and ongoing.
The monthly outstanding work report should be revised to include the oldest date of priority work areas and any outstanding reconciliations.	Low	Agreed.	Team Leader	Immediate and ongoing.

INCOME COLLECTION

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

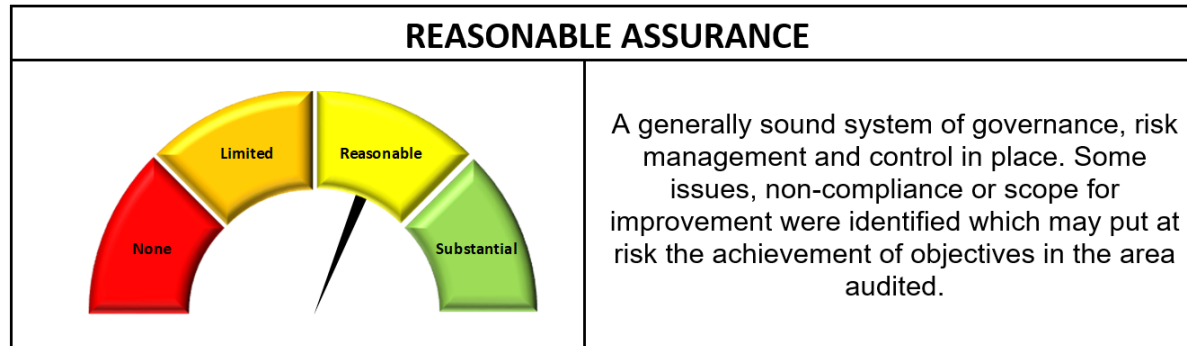Areas of positive assurance identified during the audit:

- Procedures are in place, up to date and accessible to all relevant staff.
- Access to the systems associated with income management is adequately controlled.

The main area identified for improvement is:

- Control account reconciliations.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
The outstanding control account reconciliations are brought up to date as soon as possible and going forward arrangements are in place to ensure all are completed and reviewed promptly.	High	Agreed.	Interim Accountancy Services Manager	31.01.23

CREDITORS

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

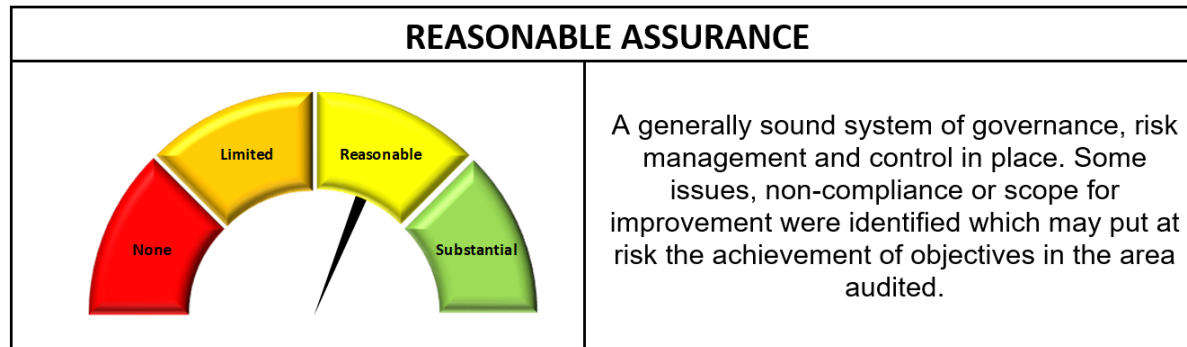Areas of positive assurance identified during the audit:

- Adequate controls exist for the authorisation of payments.
- Additional verification checks are completed to ensure that changes to supplier bank details are valid.
- Access to the system is adequately controlled.

The main areas identified for improvement are:

- Compliance with the procedure relating to purchase orders
- Review and closure of outstanding commitments

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The out of date version of the user guide is removed from iBlaby.	Low	Agreed.	Interim Accountancy Services Manager	31.12.22
2. A reminder of the correct procedure is issued to all relevant staff.	Medium	Agreed.	Interim Accountancy Services Manager	31.12.22
3. All outstanding commitments are reviewed and closed if no longer required.	Medium	Agreed.	Interim Accountancy Services Manager	31.03.23

DEBTORS

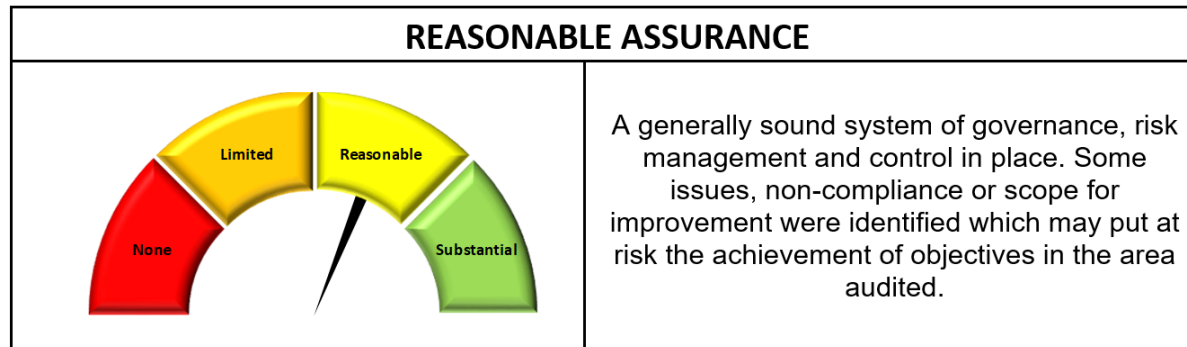| REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

Areas of positive assurance identified during the audit:

- Policies and procedures are in place, up to date and accessible to all relevant staff.
- The suspense account is regularly reviewed and cleared.
- Invoices have been raised promptly and coded correctly.
- Access to the system is adequately controlled.

The sole area identified for improvement is:

The formal monitoring and reporting of aged debt.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Aged debt is formally monitored and reported appropriately to senior managers and members.	Medium	Agreed. The reporting of aged debt and write-offs is included in the Financial Management Code Action Plan, which was presented to Cabinet last financial year.	Finance Group Manager	01.04.23

PAYROLL

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

1.1 **Key Findings**

Areas of positive assurance identified during the audit:

- Testing is carried out to ensure that system upgrades and changes to tax codes etc. have been updated correctly.
- The establishment is regularly reviewed by managers to confirm accuracy.

The main areas identified for improvement are:

- Control account reconciliations
- The payroll checking and review process
- A process to periodically check system access levels

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The outstanding control account reconciliations are brought up to date as soon as possible and going forward arrangements are in place to ensure all are completed and reviewed promptly.	High	Agreed. The reconciliations up to and including November 2022 have now been completed.	Interim Accountancy Services Manager	31.12.22 and ongoing
2. The spot checking process is reviewed and documented to ensure that it is adequate, consistent and available to all relevant staff.	Medium	Agreed.	Interim Accountancy Services Manager	31.12.22
3. Absence cover arrangements are put in place to ensure that the draft payroll run is always independently reviewed prior to payment.	High	Agreed. Payroll to be reviewed and spot checked by the Accountancy Services Manager if the Accountancy Services Team Leader is unavailable. This will be done from December onwards.	Interim Accountancy Services Manager	Completed.
4. A review of system access accounts is carried out and all accounts no longer required are disabled.	Medium	Agreed. Review of access accounts to payroll system has been carried out and all unnecessary generic accounts and out of date accounts have been removed.	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)

5. System provider accounts are suspended when not in use.	Medium	A/A	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)
6. All generic user accounts are reviewed and reassigned to individual named officers if still required.	Medium	A/A	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)
7. Any "super user" requirements are made into a role specific and added to relevant individual accounts.	Medium	A/A	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)
8. There is a periodic review of the audit log to ensure that the generic super user account is not accessed.	Medium	A/A	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)
9. The list of current system users is checked periodically by the system administrators in both Finance and HR to ensure that it is up to date and relevant.	Medium	Agreed.	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.01.23 and ongoing.

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31ˢᵗ DECEMBER 2022

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Update Jan 23	Extension Date
2020/21	Safeguarding	12. The current DBS Process and Guidance Document (2018) should be reviewed and updated to reflect the latest national Guidance for Employers (updated in February 2020) and annually thereafter.	Medium	Agreed.	HR Services Manager	31.12.21	Nov 21 - Will schedule annual review and update as necessary in January of each year.	Jan-22	Jan 22: Undertaking review and review started Jan 2022.

Mar 22 - Draft almost finished of DBS process and guidance. Feedback obtained from HR. Next steps feedback from Safeguarding Lead and Audit as agreed. | Mar-22 | Consultation undertaken with Safeguarding, Audit, SLT and TUs on document. Feedback collected and currently being included into final document, which will now ensure compliance with national guidance as of Jan 23. | Feb 23 |
| 2020/21 | Safeguarding | 13. Consideration should be given to incorporating the internal guidance into a formally approved policy. | Medium | Agreed. | Leisure and Regulatory Services Group Manager in conjunction with Strategic HR Manager | 31.12.21 | Nov 21 - The HRSM provided the following update: Will consider along with update in January 2022. | Jan-22 | Jan 22: As per recommendation 12

March 22 - as above | Mar-22 | Consultation undertaken with Safeguarding, Audit, SLT and TUs on document. Feedback collected and currently being included into final document. | Feb 23 |
| 2020/21 | Safeguarding | 14. A periodic recheck process for officers in posts requiring an enhanced DBS check should be introduced and managed via the HR/Payroll system. | Medium | Agreed. | Leisure and Regulatory Services Group Manager in conjunction with HR Services Manager | 31.12.21 | Nov 21 - The HRSM provided the following update: Will review requirements in line with updated guidance in January 2022 and implement as required. DBS records are not currently held in iTrent. Review if this would be a sensible approach/possible along with update noted above. | Jan-22 | Jan 22: As per recommendation 12

March 22 - as above | Mar-22 | Consultation undertaken with Safeguarding, Audit, SLT and TUs on document. Feedback collected and currently being included into final document. (3 yearly recheck and use of DBS update service agreed) | Feb 23 |
| 2020/21 | Safeguarding | 16. The process for obtaining and checking references should be strengthened in accordance with the Guidance for Safer Recruitment produced by the Leicester, Leicestershire and Rutland Safeguarding Children Partnership Board and the Council's Recruitment Procedure should be updated to reflect this. | Medium | Agreed. | Leisure and Regulatory Services Group Manager in conjunction with HR Services Manager | 31.12.21 | Nov 21 - The HRSM provided the following update: Will update along with action 12 above. | Jan-22 | Jan 22: As per recommendation 12

March 22 - as above | Mar-22 | Following DBS Policy finalising practice re safer recruitment will be implemented. | |

2020/21	Safeguarding	17. Consideration should be given to adding DBS requirements to the relevant position within the HR/Payroll system to ensure that all posts that require a DBS check have been identified and that requirements for mandatory DBS checks are not overlooked.	Medium	Agreed.	HR Services Manager	31.12.21	Nov 21 - The HRSM provided the following update: Will review January 2022 along with policy updates.	Jan-22	March 22: iTrent procurement underway. Will review ability to record in iTrent when procurement and any related changes confirmed.	Mar-22	iTrent procurement being finalised. No implementation dates available yet.	
2020/21	HR and Payroll	1. The Recruitment Policy and procedure notes should be reviewed and updated in order to provide for applicants that have previously worked for the Council through an agency or those with non-traditional work histories.	Medium	Agreed.	Strategic HR Manager and HR Services Manager	30.09.21	08.11.21 - HR provided the following update: Reviewed approach to references in the depot where agency/non-traditional work histories have been more prevalent. Trialled a different reference process (noted in email). Review efficacy and where relevant update corporate policy by end January 2022.	Jan-22	Jan 22: To be allocated within HR team to review actions in depot and update policy if relevant. Timeframe and person undertaking work to be updated at next month's review. March 22: Update from HR - Allocated within HR team. Timeframe tbc.	Feb-22	To form part of the policy work that is a priority for the incoming HR Transformation Manager.	
2021/22	Hospital Housing Enablement	1. A formal procurement process should be completed for the clean and clear service in order to comply with the contract procedure rules and legislation.	High	Agreed.	Housing Enablement Team Leader	30.11.21	07.12.21: Due to recent issues of low staffing numbers within the team it was agreed with the Group Manager that the action for the procurement should be pushed back until the new year.	28.02.22	March 22: The formal procurement process is ongoing and is a shared procurement framework between HET, Lightbulb and the Safespaces Project. The Lightbulb Service Manager is leading on this and working with Welland. An exemption form to cover HET for the interim period whilst this process is ongoing will be submitted shortly.	31.05.22	An exemption agreement has been put in place with current provider while a full procurement exercise is undertaken with a view to having a new contract in place from April 2023.	

2022/23 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.12.2022	Comments
Achievement of the Internal Audit Plan	60%	
Quarterly Progress Reports to Management Team and Audit and Standards Committee	On track	
Follow up testing completed in month agreed in final report	On track	
Annual Opinion Report	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on four returns for 2022/23.
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried November 2020 which confirmed that the council conform to the Public Sector Internal Audit Standards.