



INTERNAL AUDIT SHARED SERVICE

Blaby District Council

Internal Audit Progress Report 2022/23 Q4

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 March 2023.

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 four final reports and one draft report have been issued, these are detailed at appendix B.
- Treasury Management – Reasonable
 - Policy Management – Limited
 - Main Accounting – Reasonable
 - Houses in Multiple Occupation (HMO's) - Limited
 - Fleet Management – Draft

The audits currently in progress are:

- Leisure Centre Fees & Charges
- Business Continuity – in progress
- Contaminated Land – in progress

3 Internal Audit Recommendations

- 3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. There are eight overdue recommendations, these are 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 MARCH 2023

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Workforce Planning	Audit	8		Cancelled						Cancelled – this will now be an advisory piece of work during 2023/24.
Policy Management	Audit	12	12	Completed	Limited	-	7	3	-	
Fleet Management	Audit	10	10	Drafting report						
Disabled Facilities Grant Determinations	Grant	4	3.5	Completed	N/A					
Building Control	Advisory	2		As required						
Leisure Centres Fees & Charges	Audit	8	1	In progress						
Leisure Centres Contract	Advisory	3	2.5	As required						
Lightbulb	Advisory	2	0.5	As required						
Environmental Permits	Audit	8	16	Completed	Reasonable	-	8	6	-	
Environmental Health - HMO's	Audit	10	10.5	Completed	Limited	-	3	3	-	
Car Parking	Advisory	2		As required						
Revenue & Benefits - new system	Advisory	2		As required						
Contaminated Land	Audit	6	3	In progress						
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	6.5	Completed	Reasonable	-	3	1	-	

HR & Payroll	Audit	4	4	Completed	Reasonable	-	2	7	-	
Treasury Management	Audit	4	3	Completed	Reasonable	-	1	-	-	
Business Grant assurance work, inc NFI	Advisory	10	2	As required						
Service Planning including Performance Management	Audit	10	0.5	Cancelled						Cancelled due to system implementation. Carried to 2023/24 plan
Service Planning including Performance Management	Advisory	2		As required						
ICT Partnership	Advisory	2	1	As required						
Business Continuity	Audit	8	2.5	In progress						
LAD 2 – Green Homes Grant	Certification		2.5	Completed	N/A					Addition to the plan.

Audit Opinion Definitions

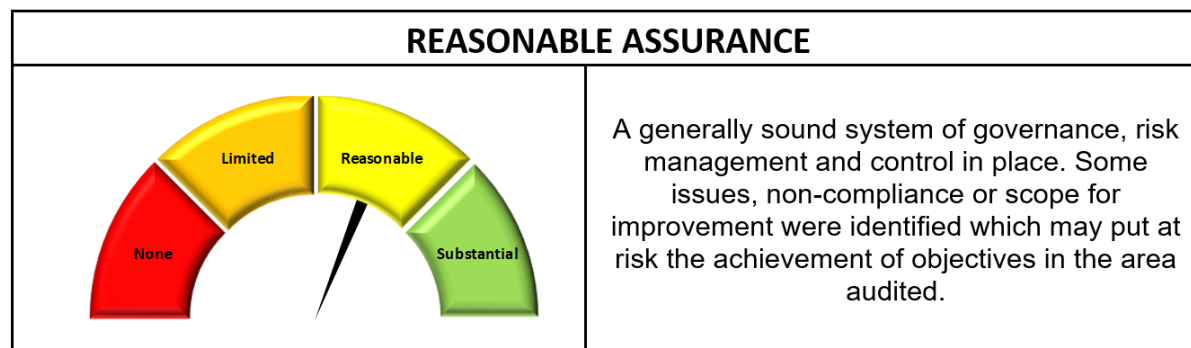
Opinion	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management 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 JANUARY 2023 – 17 MARCH 2023

TREASURY MANAGEMENT



Key Findings

Areas of positive assurance identified during the audit:

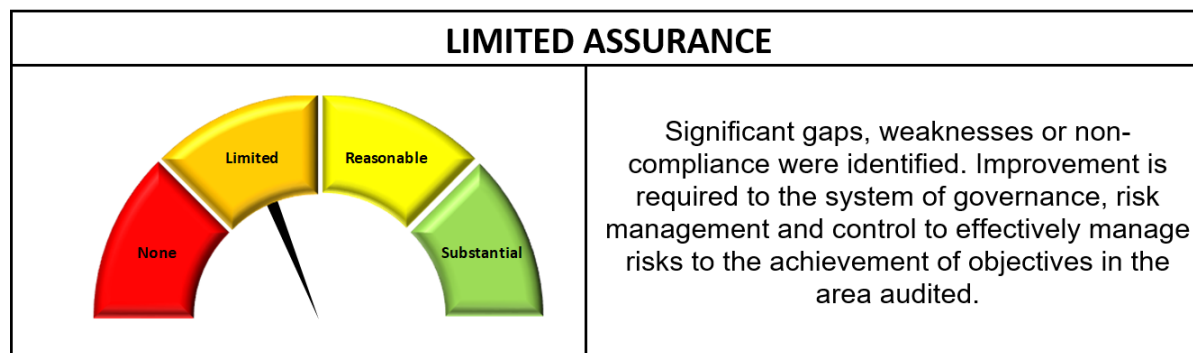
- Detailed procedure notes are in place.
- All five investments checked had been authorised and processed in accordance with procedures.
- System access is adequately controlled.

The sole 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 and ongoing.

POLICY MANAGEMENT



1.1 Key Findings

Areas of positive assurance identified during the audit:

- New starters are made aware of key policies through the induction process
- Staff responsible for writing policies and procedures are suitably qualified

The main areas identified for improvement are:

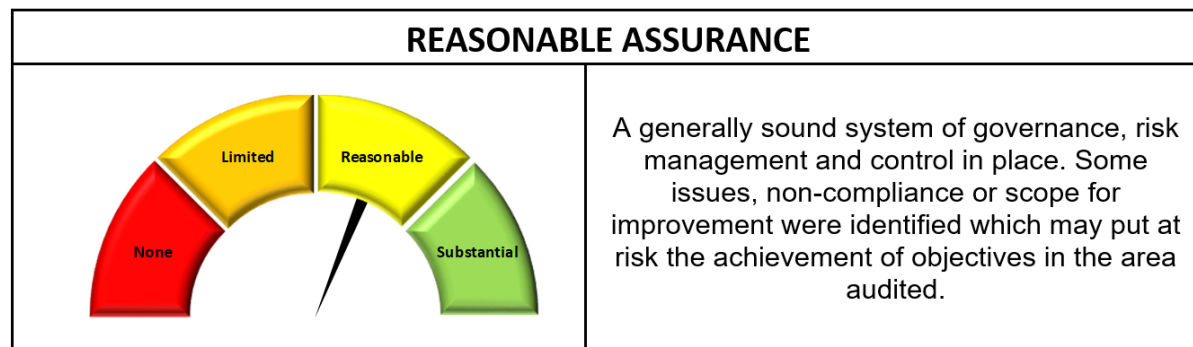
- The corporate policy review and publication process
- HR policies and procedures
- Officer acceptance of key policies

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Processes are put in place to review and update the policy register on a regular basis. This will, in turn, ensure that policies are appropriately reviewed and updated.	High	<p>Agreed</p> <p>A review and a record will be made to detail all</p> <ol style="list-style-type: none"> 1. Policies 2. Strategies 3. Plans 4. Procedures <p>Consideration is being given to using Pentana as a central management and repository for all policies, strategies and plans which require regular review or are required to be published.</p>	Performance & Information Service Manager	June 2023
2. HR policies reflecting current legislation, corporate values and industry best practice should be produced for all key employment areas. These should be supported by relevant procedure documents.	High	<p>Agreed.</p> <p>A process and timetable to produce the key documents will be in place within six months.</p>	Human Resources Strategic Manager	July 2023
3. A review of all HR documentation is carried out and, where appropriate, these are updated to reflect the purpose of the document, i.e. strategies are in place which are supported by policies which in turn are implemented using procedures, with consideration being given to the definitions within the Report Writing Toolkit.	High	Agreed. This will be form part of the action detailed in recommendation no. 2.	Human Resources Strategic Manager	July 2023

4. The position regarding the current People Strategy should be clarified and the correct information and version of the document should be published on both the website and iBlaby.	Medium	Agreed.	Human Resources Strategic Manager	March 2023
5. The Democratic Services Report Writing Toolkit should be reviewed and updated, and training provided to staff if required to ensure compliance.	High	Agreed The Toolkit will be updated.	Senior Democratic Services & Scrutiny Officer	May 2023
6. A Corporate Policy Management Toolkit is developed to provide detailed guidance in respect of the policy and procedure writing and approval process, together with standard templates to ensure consistency across the authority.	High	Agreed.	Performance & Information Service Manager	June 2023
7. The Equality and Human Rights Policy should be reviewed, updated and published and arrangements made to review and update at appropriate intervals going forward.	Medium	Agreed.	Performance & Information Service Manager	June 2023
8. Policies and procedures are updated on a regular basis and correspond to the relevantly published documents.	High	Agreed. This will be incorporated into the process and timetable to be developed as part of recommendation no. 2	Human Resources Strategic Manager	July 2023
9. A process is introduced that requires officers to accept relevant policies throughout the authority on a regular basis.	High	HR have concerns regarding this process as some staff may refuse to sign up to policies. An alternative could be to publicise / remind staff of policies on a regular basis and following any review / change.	Human Resources Strategic Manager	June 2023

10. The information sent to line managers in respect of the new starter process should include an instruction to complete the New Manager Checklist where applicable i.e. for posts including supervisory responsibilities (people managers) and a similar process should be introduced for internal appointments to posts of this type.	Medium	Agreed.	Human Resources Strategic Manager	April 2023
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MAIN ACCOUNTING



1.2 Key Findings

Areas of positive assurance identified during the audit:

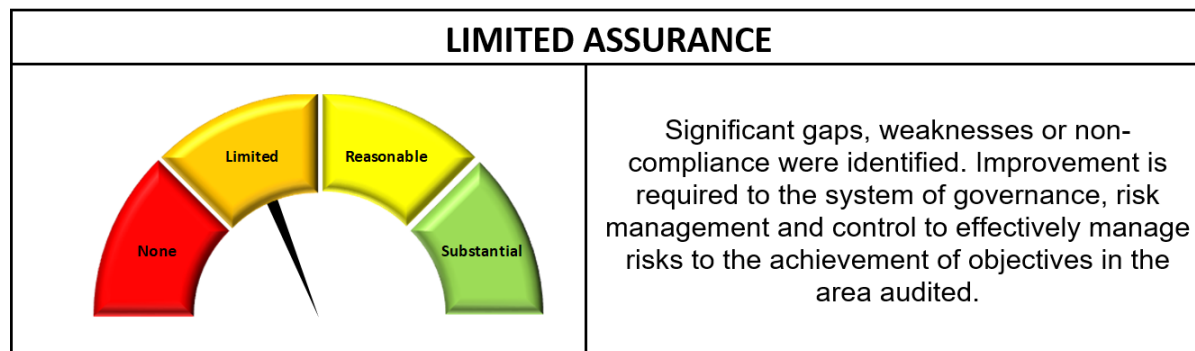
- Journals are processed in accordance with procedures and supported by adequate documentation where applicable.
- Budget monitoring information is provided to budget holders and reported to management and members on a regular basis
- Access to the system is adequately controlled

The main areas identified for improvement are:

- Control account reconciliations
- Virements

Recommendations	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Target completion dates are agreed for all control account reconciliations due.	High	Agreed.	Interim Accountancy Services Manager	28.02.23
2. Compliance is monitored using a central record on which the completion and review date of each reconciliation is recorded by the responsible officer.	High	Agreed.	Interim Accountancy Services Manager	Monitoring record in place by 31.03.23 to implement procedure from 01.04.23 onwards.
3. The Scheme of Virement is reviewed and updated to align with the current management structure and levels of responsibility and ensure that significant changes to the approved budget are adequately controlled.	Medium	Agreed.	Finance Group Manager	30.09.23
4. All relevant officers are reminded of the terms and authorisation requirements relating to virement transactions.	High	Agreed.	Interim Accountancy Services Manager	28.02.23

HOUSES IN MULTIPLE OCCUPATION (HMO's)



Key Findings

Areas of positive assurance identified during the audit:

- Policies are up to date.
- Licensing decisions are subject to agreement by a senior officer.
- Officers are suitably qualified.

The main areas identified for improvement are:

- The retention of key supporting documents and inspection records.
- The supervisory checking process.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Refresher training in respect of the issues identified during the audit and the corresponding documented procedures is delivered to all relevant officers.	High	<p>Matters have been raised with the officers already but a training session on the procedures has been booked with the officers who are involved in HMO licensing.</p> <p>In addition, once a month all HMO records are reviewed to check that the procedure has been followed and to ensure that all scheduled actions have been picked up.</p>	Environmental Health Manager	<p>Training completed 17.03.23.</p> <p>Monthly checks have already started. As there are only around 20 records this is not an onerous task.</p>
2. Officers are notified of changes to the fee structure.	Medium	This appears to have been a one-off error and all officers have been reminded of the fee structure. It is up to date on the website and shall be amended for the new financial year.	Environmental Health Manager	Completed but a reminder was included in the training session on 17.03.23.
3. The public register is reviewed and updated where applicable to ensure that it correctly reflects the details of each licence and officers are reminded of the correct procedure to ensure consistency and accuracy going forward.	Medium	<p>A system issue has been identified which was giving an expiry date one day differently to that expected. The Performance team have corrected this and now and it is correct for all cases. The public register has been checked to ensure that the system dates match those on the register.</p> <p>All of the licence documents were correct as they simply state that the licence lasts for five years from the issue date.</p>	Environmental Health Manager	Completed.

4. Officers are reminded that all receipts, inspection forms and supporting documentation must be retained on the individual IDOX system case record.	High	This had already been picked up prior to the audit and reminders to all staff had gone out. These problems do not exist for any current applications.	Environmental Health Manager	Completed but a reminder was included in the training session on 17.03.23.
5. The supervisory checking process is revised to ensure that all key documents have been provided and retained on file and the correct fees have been paid before a licence is issued.	High	This was part of the procedure already, although it has been revised to tighten it further. All staff have been reminded of the purpose of such checks and the supervisory process will form part of the training session.	Environmental Health Manager	Completed but a reminder was included in the training session on 17.03.23.
6. Internal procedures and guidance for applicants are updated to explicitly state that all relevant certificates and checks must be in date at the time the application is deemed to be valid.	Medium	A clear note in bold type stating this requirement is now in the procedure.	Environmental Health Manager	Completed.

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31 MARCH 2023

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Original Due Date	1st Follow up comments	Ext Date	Second Follow up comments	Ext Date	Further Management update	Further ext 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	27.01.22: Update from HR - undertaking review and review started Jan 2022. 31.03.22 - 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. Apr-23: Document now finalised and being uploaded to iBlaby for managers to use. Web pages will be updated with the new document.	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	08.11.21 - The HRSM update: Will consider along with update in January 2022.	Jan-22	27.01.22: Update from HR - undertaking review and review started Jan 2022. 31.03.22 - Draft almost finished of DBS process and guidance. Feedback obtained from HR. Next steps feedback	Mar-22	Consultation undertaken with Safeguarding, Audit, SLT and TUs on document. Feedback collected and currently being included into final document.	Feb-23

									from Safeguarding Lead and Audit as agreed.		Apr-23: Document adopted as a policy and procedure document, rather than guidance, given it details the Council's policy with regards to Safeguarding.	
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	08.11.21 - The HRSM 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	27.01.22: Update from HR - undertaking review and review started Jan 2022. 31.03.22 - 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. (3 yearly recheck and use of DBS update service agreed). Apr-23: The policy document includes a three year check. Whilst this cannot be done through iTrent at this time, a plan is being put in place which will review all jobs currently requiring a DBS check to ascertain if this is still a requirement. All those that are found to still be required will go	Feb-23

											through a recheck process. This process is expected to be completed within six months given some DBS checks are taking some time to be returned.	
2022/23	Income Collection	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.	Interim Accountancy Services Manager	31.01.23	07.02.23: The bank reconciliations have been completed up to date (for Jan-23) but have not been authorised and the cash receipting reconciliations do not appear to have been completed or authorised to date. Update requested from IASM - no response received.	Feb-22	No response received to request for evidence.			
2022/23	Payroll (Key Controls)	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	Copy of procedure requested from IASM - no response received.	Feb-22	No response received to request for evidence.			
2022/23	Treasury Management (Key Controls)	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 and ongoing.	07.02.23: There has been no change / progress to the two highlighted reconciliations in the audit i.e. RLA & XPC which are still only completed up to Jun-22 & Apr-22 respectively. There is also no record of	28.02.23.	No response received to request for evidence.			

							any review of the completed reconciliations by a senior officer. This was referred to the IASM for an extension until 28.02.23.					
2022/23	Main Accounting	1. Target completion dates are agreed for all control account reconciliations due.	High	Agreed.	Interim Accountancy Services Manager	28.02.23	No response received to request for evidence					
2022/23	Main Accounting	4. All relevant officers are reminded of the terms and authorisation requirements relating to virement transactions.	High	Agreed.	Interim Accountancy Services Manager	28.02.23	No response received to request for evidence					

2022/23 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.03.2023	Comments
Achievement of the Internal Audit Plan	84%	
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.