

Agenda Item No:	7	
Committee:	Audit and Risk Management	
Date:	20 November 2023	
Report Title:	Internal Audit Plan 2023-24 Progress Report Q2	

1 Purpose / Summary

- To report progress against the Internal Audit Plan 2023/24 for the second quarter of 1 July 2023 until 30 September 2023 and the resulting level of assurance from the planned work undertaken.
- To provide an update to members on the resourcing situation within the Internal Audit team.

2 Key issues

- The Council's Internal Audit Plan is produced on an annual basis. It is an estimate of the work that can be performed over the financial year. Potential areas of the Council for audit are prioritised based on a risk assessment, enabling the use of Internal Audit resources to be targeted at areas of emerging corporate importance and risk.
- The format of the plan reflects the Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2016 and applicable from April 2017. It also incorporates the governance and strategic management arrangements of Internal Audit resources.
- Performance Standard 2060 of the PSIAS requires the Internal Audit Manager to report to the Committee on the Internal Audit activity and performance relative to this Plan.
- Audit and Risk Management Committee approved the Internal Audit Plan 2023/24 on 20 March 2023. It was updated following a detailed review in early Q2 and submitted and approved by the Committee on 26 September 2023.
- Members of the Audit and Risk Management Committee are keen to receive proactive performance reporting in relation to progress against the Internal Audit Plan on a quarterly basis.

- Proactive quarterly monitoring of the Internal Audit plan will enable the Committee to understand the Internal Audit activity which has successfully taken place and the associated assurance level.

3 Recommendations

For Members of Audit and Risk Management Committee to consider and note the activity and performance of the Internal Audit function.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Councillor Chris Boden – Leader and Finance Portfolio Holder Councillor Kim French - Audit and Risk Management Committee Chairperson
Report Originator(s)	David Thacker – Interim Internal Audit Manager
Contact Officer(s)	Amy Brown – Assistant Director, Legal and Governance abrown@fenland.gov.uk 01354 622450 Peter Catchpole - Corporate Director & s151 Officer pcatchpole@fenland.gov.uk 01354 622201 David Thacker – Interim Internal Audit Manager
Background Paper(s)	Annual Risk-Based Internal Audit Plan 2023/24 Internal Audit Outturn and Quality Assurance Review 2022/23

1 Background / Introduction

- 1.1 This report includes details of the Internal Audit activity undertaken for the second quarter of 1 July 2023 to 30 September 2023.
- 1.2 The annual Internal Audit Plan is formulated in advance, following an assessment of risks inherent to services and systems of the Council based on Internal Audit and Management knowledge at that time. During the period that follows, changes in the control environment may occur due to, for example:
- introduction of new legislation/regulations;
 - changes of staff;
 - changes in software;
 - changes in procedures and processes; and
 - changes in service demand.
- 1.3 In respect of Internal Audit resources, the permanent Internal Auditor resigned at the end of June and left the Council on 28 July. No permanent replacement had been sought at the time of the resignation. Hence, with no immediate replacement and the remaining Internal Auditor being part-time and not working during school holidays, the Committee was advised that no audit work could be undertaken in August. However, management gave approval to hire an interim Internal Auditor until the end of the financial year to help deliver the Audit Plan and the process started in September.
- 1.4 Additionally, the Council was unsuccessful with filling the vacant Head of Audit position, as no applications were received by the closing date of the end of July. Management continues to review options including requesting assistance from other surrounding authorities. However, for continuity, there is the option to offer to extend the current interim Internal Audit Manager's contract to the end of March 2024.

2 Monitoring

- 2.1 On completion of each audit a formal report is issued to the relevant Service Manager and Corporate Director. A copy is also sent to the Corporate Director – Finance (S151 Officer). Each report contains a management action plan, with target dates, that has been agreed with service managers to address any observations and recommendations raised by the Internal Auditor. Progress on recommendations is monitored on a regular basis and no less frequent than quarterly.

- 2.2 The following audits have been completed up to end of Q2 2023/24. (Appendix A)
- Public Health Funerals (22/23)
 - Licences – Animal Welfare (22/23)
 - Licences – Other (22/23)
 - Corporate Assurance – Transparency
 - Housing Options (22/23)
 - Trading Operations – Cemetery Income
- 2.3 The following audits are in progress and will be reported to the committee in future progress reports:
- Freedom of Information
 - Development – Planning (combined with Fee Income)
 - Corporate Assurance – Information & Data Management
 - Debtors & Collection Agency
- 2.4 In the second quarter of the year other work that Internal Audit has been involved to assist with and to provide additional assurance are detailed below:
- Disabled Facilities Grants (DFG) declaration
 - Updating the Anti-Fraud & Corruption Policy
 - National Fraud Initiative work
 - Risk Management Group
 - Major Project support and advice
 - Following up outstanding recommendations
- 2.5 In respect of the last point, Appendix B shows the number of outstanding Audit issues from 2021/22 to 2023/23 to date. Internal Audit is working with Service Managers to ensure that recommendations are implemented by the agreed target dates or, if not, that requested date extensions can be justified. Status updates have been included where relevant.

Appendix A – Completed Audits 2023/24

Audit	Overall Opinion	High	Medium	Low	Issue Summary & Status (<i>in italics</i>)
<p>Public Health Funerals (2022/23)</p> <p>To gain assurance that the Council is fulfilling its obligation to provide a public health funeral as required and that robust policies and procedures are in place to ensure a recourse of public funds.</p>	Adequate	1	1	-	<p>The high-risk issue relates to unlimited access to the shared safe at the BASE where the small contents from the deceased are stored, e.g., cash, along with other service's items. <i>This will be addressed soon with the purchase of a separate safe. Cash is banked immediately now.</i></p> <p>The medium risk relates to no updated procedures, a key person risk and no record of possessions removed from a deceased person's property. <i>An inventory is in place now. Key person risk and procedures will be addressed by 31 December 2023.</i></p>
<p>Licensing – Animal Welfare (2022/23)</p> <p>To gain assurance that the Council has robust procedures for the licensing of activities involving animals.</p>	Substantial	-	-	-	No issues raised.
<p>Licensing – Other (2022/23)</p> <p>To gain assurance that the Council has robust procedures and guidance in place demonstrating appropriate issuance and monitoring of other licenses, such as scrap</p>	Adequate	-	1	-	<p>The medium risk issue relates to no control check in place for potential members of public or businesses operating without a licence for scrap metal, small society lotteries, street collections, house to house collections and gambling. <i>The process will be in place by 31 January 2024.</i></p>

Appendix A – Completed Audits 2023/24

metal dealers and small lotteries.					
<p>Corporate Assurance – Transparency</p> <p>To gain assurance that the Council complies with the Local Government Transparency Code 2015.</p>	Adequate	-	2	-	<p>The medium risk issues relate to:</p> <ul style="list-style-type: none"> • A lack of updated information on the Council's website that is not in compliance with the Local Government Transparency Code 2015. <i>Ten of the eleven data sets are now up to date. The only outstanding one is the Senior Salaries – last published as part of the Statement of Accounts 21/22 (awaiting publishing of the draft 22/23 accounts).</i> • Raising the profile of compliance with service managers for timely updates. <i>This will be completed by 31 March 2024.</i>
<p>Housing Options (2022/23)</p> <p>To gain assurance that there are adequate controls and procedures in place for the monitoring, recording and payment of housing option services.</p>	Adequate	-	4	-	<p>The medium risk issues relate to:</p> <ul style="list-style-type: none"> • High usage of B&B and a considerable increase in hotel/hostel spend – over £1.2m since April 2020 – with no evidence of value for money. <i>By the end of this financial year, we will have an additional 34 properties for use of Temporary Accommodation that will bring this cost down significantly over the medium term along with a healthy new build pipeline programme and improved void letting performance from our Registered Provider (RP) partners.</i> • Non-compliance with the Council's Code of Procurement in relation to services including accommodation, removal and storage and

Appendix A – Completed Audits 2023/24

				<p>cleaning. <i>We are currently getting 3 quotes for storage and have a tender draft being finalised to go out to procure for emergency interim accommodation. Also, any accommodation provider in the area and neighbouring is welcome to offer accommodation during the interim of the procurement exercise for emergency interim accommodation as advertised openly on our website. Procurement for cleaning could be part of the corporate cleaning contract.</i></p> <ul style="list-style-type: none"> • <i>At the time of the audit fieldwork in 2022, there was a potential time limit breach of DLUHC guidance for housing 8 families over 6 weeks in B&B. However, the number reduced by 2023. There has only been one quarter where we were close to a breach, and we managed to work collectively to reduce that. With increased new delivery, improved RP void performance and a big increase in new tenancy agreements, this should be addressed.</i> • <i>An outdated homelessness strategy and guidance. To be implemented by March 2024.</i>
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Appendix A – Completed Audits 2023/24

<p>Trading Operations – Cemetery Income</p> <p>To gain assurance that the administration of cemetery income is monitored and managed efficient and effectively.</p>	Adequate	-	2	-	<p>The medium risk issues relate to:</p> <ul style="list-style-type: none"> • Disjointed invoice and debtors' management between the Bereavement Team and Finance. <i>To be improved by November 2023.</i> • A lack of updated procedures. <i>To be completed by February 2024.</i>
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An assurance rating is applied, when a system or process is reviewed, which reflects the effectiveness of the control environment.

The text below is an indication of the different assurance ratings used:

Assurance	Description
Full	There is a sound system of control designed to proactively manage risks to objectives.
Substantial	There is a sound system of control, with further opportunity to improve controls which mitigate minor risks.
Adequate	There is a sound system of control, with further opportunity to improve controls which mitigate moderate risks.
Limited	There are risks without effective controls, which put the objectives at risk.
None	There are significant risks without effective controls, which put the objectives at risk. Fraud and/or error are likely to exist.

Appendix B – Recommendation Status 2020/21 to 2023/24

Total Recommendations 2020/21				
	High	Medium	Low	Total
Total Recommendations	3	21	23	47
Total Complete	3	20	23	46
Total Not Due	0			
Overdue	0	1	0	1

NB. This data includes recommendations made from our ARP Audit Partners who conducted audits for the partnership. These have all been completed or superseded by the audits of 2021/22.

The overdue recommendation relates to CCTV. The Assistant Director stated that whilst the section 113 has been signed and completed, the Memorandum of Understanding (MOU) is in final draft and should be completed soon.

Total Recommendations 2021/22				
	High	Medium	Low	Total
Total Recommendations	4	31	34	69
Total Complete	3	23	25	51
Total Not Due	1	7	2	10
Overdue	0	1	7	8

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

The incomplete high-risk issue relates to Safeguarding – vulnerable adults’ policy, which is scheduled to go to Cabinet for approval in November.

The overdue medium-risk issue relates to Safeguarding (self-assessment actions) plus several low-risk issues which will all be addressed with the updated and approved policy.

Total Recommendations 2022/23				
	High	Medium	Low	Total
Total Recommendations	5	13	13	31
Total Complete	3	12	13	28
Total Not Due	1	1	0	2
Overdue	1	0	0	1

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

The outstanding high-risk issues relate to Trading Operations – Port Commercial & Marine (no formal agreement with LCC for Cross Keys Marina, although the lease from LCC to FDC and sub- lease of part from FDC to EIFCA are in agreed form and ready

Appendix B – Recommendation Status 2020/21 to 2023/24

to sign. This should be done by the end of 2023) and the Construction Industry Scheme – IR35 Compliance (the revised Recruitment COP will be completed by the end of 2023).

Total Recommendations 2023/24 (to date)				
	High	Medium	Low	Total
Total Recommendations	1	10	0	11
Total Complete	0	0	0	0
Total Not Due	1	10	0	11
Overdue	0	0	0	0

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.