

Assurance Definitions

**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Internal Audit Service: Annual Report 2022/23
Meeting/Date:	Corporate Governance Committee – 12th July 2023
Executive Portfolio:	Executive Councillor for Corporate & Shared Services, Councillor Martin Hassall
Report by:	Deborah Moss, Internal Audit Manager
Ward(s) affected:	All Wards

Executive Summary:

The Public Sector Internal Audit Standards (PSIAS) require the Committee to receive an annual report on the work of the Internal Audit Service. The report is required to include:

- The opinion
- A summary of the work that supports the opinion; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

This report details the work undertaken by Internal Audit during the year ending 31 March 2023 to support the following opinion statement.

Audit Opinion:

Based upon the work undertaken and knowledge of working arrangements, it is my opinion that the Council's governance, internal control environment and systems of internal control as at 31 March 2023 provide reasonable assurance over key business processes and financial systems.

In respect of risk management only a limited assurance opinion can be given.

Deborah Moss
Internal Audit Manager

July 2023

Whilst a limited assurance opinion is given with respect to the risk management system, there is a general governance improvement plan in place which includes risk management actions. In addition, there are a number of audit actions that have been provisionally agreed with management following the internal audit review on risk management which, once implemented, should raise the assurance rating up from limited to reasonable.

The opinion is based on the outcome of: nine audit reviews and seven reviews of key financial systems. These produced 48+ new audit actions (risk management actions still to be formally agreed). Two of the reviews are included from last year's plan but are included in 2022/23 as the work was carried out in-year and can therefore give assurance for the year. Mention is made of another 2021/22 audit only closed and actions added in 2022/23.

The following new areas are brought to Committee's attention:

- Risk Management: a limited assurance opinion has been given for risk management at the Council following a full internal audit. To date, the report has not been signed off by management and remains at draft status although the actions have been informally agreed.
- Social Value in Procurement: The audit gave a limited assurance opinion after findings that the Policy & Framework adopted in 2019 had not been implemented and key aspects were not complied with.
- Implementation of Audit Actions: throughout the year a significant number of audit actions were not implemented by their target date. However, it was noted that the number of overdue actions had reduced slightly.
- Minor Works Expenditure – with an absence of contract, there remains a risk of purchasing activity in breach of the Code of Procurement and poor control over spending generally. This was reported last year and remains outstanding as a new contract did not progress.
- Assurance work over the Planning Service (Development Management) and GDPR was not undertaken due to awareness that the service provision was not fully in place. These services agreed to prepare an improvement plan and the intention is for Internal Audit to review progress against these in the 2023/24 Audit Plan.

The Internal Audit Manager continues to report functionally to the Corporate Governance Committee and maintains organisational independence. There were no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the Audit Plan or proposing actions for improvement or forming opinions on individual audit reports issued.

Recommendation(s):

It is recommended that the Committee:

1. Consider and comment upon the report; and
2. Take into account the audit assurance opinion when considering the Annual Governance Statement (AGS) for 2022/23.

1. PURPOSE OF THE REPORT

- 1.1 This is the annual report of the Internal Audit Manager (IAM). It covers the period 1 April 2022 to 31 March 2023.
- 1.2 The report includes the IAM's annual opinion on the overall adequacy and effectiveness of the Council's internal control, governance and risk management processes.

2. WHY IS THIS REPORT NECESSARY

- 2.1 The Accounts and Audit (England) Regulations 2015 require the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require an annual report to be considered by the Committee as they fulfil the role of the Board (as defined by PSIAS).

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 The Internal Audit Service Annual Report 2022/23 at Appendix 1 provides details of the work undertaken by Internal Audit during the year ending 31 March 2023 to support the annual opinion statement. This annual assurance opinion and any governance issues are to be included within the Council's AGS for the year.
- 3.2 The PSIAS details the matters that are required to be included in the annual report. These are:
 - a) The opinion;
 - b) A summary of the work that supports the opinion; and
 - c) A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 3.1 There are a number of matters within the audit reviews that are brought to the Committee's attention. These are detailed in the annual report and may be taken forward to the AGS as governance issues.

4. KEY IMPACTS / RISKS

- 4.1 Failure to provide an annual report would lead to non-compliance with the PSIAS and require the matter to be reported in the AGS.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 The annual report will be considered by the Committee during the preparation of the AGS.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

- 6.1 The Internal Audit Service provides assurance to management and the Committee that risks to the delivery of the Corporate Plan across all of its areas are understood and managed appropriately.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 In fulfilling its obligations under the PSAIS, the Committee is required to receive an annual report on the work of the Internal Audit Service. The outcomes of the report, particularly the annual opinion statement, will be included within the Council's AGS.

8. LIST OF APPENDICES INCLUDED

Appendix 1 – Internal Audit Service: Annual Report 2022/23

9. BACKGROUND PAPERS

Internal Audit Reports
Internal Audit performance management information

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Appendix 1:



Internal Audit Service
Annual Report and Opinion
2022-23

1. INTRODUCTION

This is the annual report of the Internal Audit Manager (IAM) as required by the Public Sector Internal Audit Standards (PSIAS). It covers the year ending 31 March 2023.

- 1.1 The report includes the IAM's annual opinion on the overall adequacy and effectiveness of the Council's *internal control, governance, and risk management processes*. The opinion is based upon the work carried out by Internal Audit during the year, together with any other assurances and general knowledge gained.
- 1.2 The report provides information on:
- The role of Internal Audit
 - The annual audit opinion
 - The delivery of the annual Internal Audit Plan
 - Audit reports issued and issues of concern
 - Implementation of agreed actions and follow up
 - Internal Audit performance
 - Quality assessment and improvement programme (QAIP).

2. ROLE OF INTERNAL AUDIT

- 2.1 The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

- 2.2 The role of internal audit is best summarised through its definition within the PSIAS, as an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

- 2.3 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the internal control environment (see Appendix 2) and, therefore, contribute to the achievement of the organisation's objectives.

3. ANNUAL INTERNAL AUDIT OPINION

Based upon the internal audit work undertaken and knowledge of working arrangements, it is my opinion that the Council's framework of governance and systems of internal control as at 31 March 2023 provide **reasonable assurance** over the key business processes and financial systems.

In respect of risk management only a **limited assurance** opinion can be given.

Deborah Moss
Internal Audit Manager

June 2023

3.1 Assurance can never be absolute. The audit opinion reflects the view of the IAM on the current state of the governance framework and the effectiveness of the systems of internal control across the Council and provides the Committee with an opinion for inclusion in the Annual Governance Statement (AGS). The opinion does not imply that internal audit has reviewed all risks, controls or governance arrangements.

If significant changes occur to the governance and internal control framework prior to the Committee approving the AGS, the Committee will be informed.

3.2 Last year 2021/22 the annual audit opinion was stated as adequate assurance. No opinion could be provided in respect of Risk Management.

3.3 Whilst a limited assurance opinion is given for risk management at the end of the year, it is acknowledged that an action plan is now being prepared to drive the risk management framework and provision. A corporate risk register is in place but service risks are in need of attention, completion or review. The Risk Management Strategy is drafted but not yet approved or rolled out, and the risk appetite is currently under review. All these are positive moves towards getting risk management back in place and of value to the organisation. The Risk & Controls Group, made up of various second line disciplines and third line of defence Internal Audit, continues to meet to discuss issues and provides advice to all services. Since the beginning of the 2023/24 year, an Assurance Board has been established with a primary role of gaining confidence in the Council's delivery and control capability and resilience.

3.4 The assurance opinion is based on the outcome of nine audit reviews (one still to be formally issued), follow-up reviews and the reviews of key controls within seven core financial systems.

3.5 There were nil substantial assurance, six adequate/reasonable assurance and three limited assurance audit reports (general and IT) issued in 2022/23. These audits have identified 47+ actions for improvement (some still to be

formally agreed). Only two actions have been classified as 'red' priority (i.e. meaning the uncontrolled risk has the potential to seriously affect service delivery) – these are within risk management and remain at draft report stage.

- 3.6 The core financial audits also identified actions in addition to outstanding actions from last year and action is ongoing to address these areas, for example accounts receivable. An adequate opinion has been given to each except for Accounts Receivables which was given limited assurance again.
- 3.7 Managers were asked to record if they had any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. Services were asked to provide details of any third party or external assurances they obtained for their service or any self-assessments they had carried out. The purpose of this was to gain knowledge of any other assurance to support that service area assurance and to further support the overall annual audit opinion. Third party assurances are also used in the preparation of the annual audit plan.
- 3.8 The IAM continues to report functionally to the Corporate Governance Committee and maintains organisational independence. They have no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.
- 3.9 The Local Government Association (LGA) undertook a peer review of governance processes, assessed against CIPFA's "Unlocking Internal Audit Potential" report, to provide insight into the effectiveness of the Council's arrangements. The peer review highlighted areas that have historically come under the responsibility of Internal Audit but should be considered for separation in order that Internal Audit is able to independently review and report - these include Whistleblowing, the AGS, the Local Code of Corporate Governance and the Annual Report of the Committee.

4. DELIVERY OF THE 2022/23 INTERNAL AUDIT PLAN

4.1 Resourcing

The Trainee Internal Auditor commenced maternity leave in January 2023. The Service was fortunate enough to appoint a qualified auditor by way of cover under a fixed-term contract commencing in February. In May 2023, the long-standing auditor moved from Internal Audit to take up a new role in project management at HDC creating another vacancy, currently being recruited for.

Recruitment is very challenging in the professional audit field at the moment, with a national shortage of auditors and few with public sector experience. Other options for posts are being considered at present to find the best fit for the team. Recruitment has again meant we consider an assessment of training our own auditor talent and building future resilience, critical in a small team.

Additionally, discussions are taking place with neighbouring councils, who are similarly struggling with recruitment and retention, to investigate whether there is opportunity to share posts and thereby provide more resilience.

4.2 Supporting a trainee within a very small team has had an effect on service delivery but is a worthy investment for future capacity and long-term sustainability. It is part of the Council's strategy to 'grow our own' skills and talent but is more difficult in a small team.

4.3 The service is resourced as follows:
 Internal Audit Manager - 0.8 FTE
 Interim Internal Auditor - 0.8 FTE (fixed term until August) under negotiation to become permanent on less hours.

Trainee Internal Auditor - 1.0 FTE (on maternity leave)
New Post (vacant) -.0.8 FTE

Total for general audit 3.0 FTEs on establishment
 (1.6 FTEs currently operational)

IT audit provision is contracted out as there is limited IT experience within the team and IT audit is considered specialist. A contract has been awarded but to date the contract has not yet been signed; the provider is reconsidering their organisational position, and a decision has been made to rescind our contract offer and to issue a contract to the second-placed tenderer (who has confirmed they have capacity).

4.4 Internal Audit Reports Issued

Internal Audit reports issued are listed in the table below - grouped by assurance opinion (see Appendix B for definitions). It also details the number and priority of agreed actions from each.

Audit area		Audit Actions	
		Red	Amber
Substantial assurance			
Adequate / Reasonable assurance			
	Shadow IT / Service-procured Systems 2021/22 *	0	3*
	IT Procurement & Contract Management 2021/22 *	0	2*
	Fuel Usage & Payments	0	6
	Payroll	0	8
	Planning Applications KPIs	0	6
	Shared Service ICT Cost Allocations	0	7
	Section 106 Agreements 2021/22 **	0	2
Limited assurance			
	Risk Management ***	2	4

Audit area		Audit Actions	
		Red	Amber
	Social Value (in Procurement)	0	6
	Purchasing Cards	0	9
No assurance			
No opinion given			
	Disabled Facilities Grants District Certification 2020/21	-	-
	Overtime follow up	Further follow up recommended	

* contributes to 2022/23 opinion as work was undertaken in-year

** declared as report finalised and actions added in 2022/23

*** final report not yet agreed by client

4.5 Appendix A provides a summary of the main findings from each audit report issued. In future, reports the committee may wish to consider receiving commentary on the limited opinion reports only.

4.6 The audit plan included the review of key controls within a number of key financial systems. The assurance opinions given on these systems are set out below:

Audit area	Level of assurance				Action Actions	
	Substantial	Adequate	Limited	Little	Red	Amber
Council Tax		✓			0	0
Non-Domestic Rates		✓			0	1
Housing Benefits – payments		✓			0	1
Housing Benefits – recovery		✓			0	1
Main accounting system		✓			0	3
Accounts payable (Creditors)		✓			0	0
Accounts receivable (Debtors)			✓		0	6

The frequency of these continuous auditing reviews has been carried out on a risk versus value assessment. A quarter 4/end of year review was undertaken in all areas, and an audit opinion and agreed audit actions to redress any recurring/outstanding issues were provided.

4.7 There were no 'No assurance' opinion reports issued in the year. In general, internal audit work found there to be a sound control environment in place

across the majority of review areas. Improvements can always be made however and there are three areas in particular that require highlighting, all included as 'significant' improvement areas in the 2022/23 annual governance statement. Where agreed actions are introduced, it is expected that the assurance rating for the area should increase from limited to reasonable.

4.8 **Areas of Concern**

- **Risk Management:** a limited assurance opinion has been given for risk management at the Council following a full internal audit review. To date the report has not been signed off by management and remains at draft status although the actions have been informally agreed. The Risk Management Strategy and risk appetite are yet to be approved and service area risks are planned to be reviewed and reassessed, and new risks identified.
- **Social Value in Procurement:** The audit gave a limited assurance opinion after findings that the Policy & Framework adopted in 2019 had not been implemented and key aspects are not complied with, and our approach has not been amended to reflect a number of economic changes. A formal contract management process is not in place and staff not trained in social value. All these have agreed actions in place to improve the governance and control.
- **Implementation of Audit Actions:** throughout the year, a significant number of audit actions have not been implemented by their agreed target date. However, it was noted that the number of overdue actions reduced slightly.

It is likely that capacity has inhibited progress, but it is important that services propose realistic implementation dates. Internal Audit will take action to discuss the realism or challenge these dates at audit closure.

- **Minor Works Expenditure:** there remains a risk of purchasing activity in breach of the Code of Procurement and poor control over spending generally. This was reported last year and remains outstanding as a new contract did not progress. An action plan has been agreed to progress this and it is expected that the contract will be retendered shortly.
- **Assurance work over the Planning Service (Development Management) and GDPR** was not undertaken due to awareness that the service provision was not fully in place. The services agreed to prepare and follow an improvement plan and the intention is for Internal Audit to review progress against these in the 2023/24 Audit Plan.

4.9 **Other internal audit work/activities undertaken**

In addition to the reports listed above, audit involvement has also been undertaken on the following areas and are the 'value add' that Internal Audit provides to HDC:

- **HDC Governance Processes:** Review and preparation work for the Local Code of Corporate Governance. Assurance work to support the annual governance statement. Participating in the Council's Information

Governance Group, independent handling of a corporate complaint, whistleblowing allegations and reports.

- Consultancy on new initiatives: review within the ideas process; review and comment on corporate performance indicators, pre-app planning process.
- Additional support provided on an adhoc basis to services for example: reviewing /advising on procurement waivers, policy review, internal and external insurance advice, cost of living changes, returned cheques protocol, payroll BACS authorisation and advice on assurance surrounding charities.
- Income certification to Government: declaration of spend for additional income such as Disabled Facility Grants and the Government's support grants.
- Risk and Control & Assurance: membership of the Risk and Control Group, contributing to the assessment of the Council's risk register, advice on risk/control issues and membership of the Assurance Board.
- Collaboration and knowledge sharing with other local authorities through various networking groups and online requests for information.
- Provision of management information, for example monitoring and reporting of audit actions, review of AGS issues, audit committee reports.
- Attendance and support of the Corporate Governance Committee.

5. IMPLEMENTATION OF AGREED ACTIONS AND FOLLOW-UP WORK

- 5.1 At the conclusion of an internal audit review, agreed audit actions are recorded and monitored. During 2022/23 internal audit reports suggested 48 improvement actions (plus extra not yet finalised), of which all but one were accepted by management.

The Corporate Leadership Team set a target of 100% of agreed actions would be implemented on time (by the agreed implementation date). This was not achieved, with generally low levels of implementation 'on time' which rose significantly when including those implemented late. The number of overdue actions has reduced significantly during the year. Internal Audit reported a list of overdue actions to the Senior Leadership Team on a regular basis, and to the Corporate Governance Committee (CGC) at its meetings, with updates from action owners or Service Managers noting the progress made on each action. Some actions have been closed as implementing them would not achieve the assurance originally required. In doing this, alternative actions have been instated.

- 5.2 Regular reminders are provided to managers prompting them to implement their actions before they fall due and to provide an update on the status and

progress of each overdue action. This improves oversight for management and CGC on reasons for delay or any blockage to progress, demand for additional assistance or whether the risk should be allowed to continue unmitigated.

- 5.3 Follow-ups on implemented audit actions were limited during 2022/23 due to limited resourcing. Ideally, all implemented actions would be reviewed to provide assurance that they had been implemented and were operating effectively.
- 5.4 Not all audit actions implemented are routinely followed up. The IAM decides if a follow-up review is required after considering the action's classification, the action itself, the evidence provided by a manager to support the closure of the action and own knowledge of the action taken. A recent improvement has been to develop the use of 4Action software (used for recording and tracking actions) to identify and track actions for follow-up, allowing Internal Audit to verify what the action owner has confirmed and to test that action has been implemented and any control is operating effectively. When resources are settled, the intention will be to carry out a follow up review on any actions under a limited assurance opinion and others as they are deemed required.

6. INTERNAL AUDIT PERFORMANCE

6.1 Service delivery targets

It has previously been the practice to maintain a series of internal performance targets. However, given the level of resourcing and the volume of reviews carried out in 2022/23, this performance measuring was not formally carried out.

Consideration is being given to which performance targets and indicators may be introduced for 2023/24.

- 6.2 A new/refreshed End of Audit Survey has been designed and has been sent to the client for their feedback following closure of an audit.

The survey asks for feedback on various elements within the following aspects of an audit:

- Performance of the auditor
- How well the audit was managed
- How well we communicated
- Quality of the audit report
- Overall quality of the audit (including how we could do things differently to improve our service).

Respondents rated the following areas good or very good:

- | | |
|--------------------------------|--------------------------|
| - Overall quality of the audit | 100% |
| - Quality of the audit reports | 100% |
| - Audit scope and coverage | 100% (Duration only 83%) |
| - Performance of auditor | 100% |

- 6.5 The monitoring of key service delivery targets will be considered in the future but are still used internally as targets within each audit review even though they are not formally measured and reported.

7. QUALITY ASSESSMENT & IMPROVEMENT PROGRAMME (QAIP)

- 7.1 One of the elements of the PSIAS (Public Sector Internal Audit Standards) is the requirement to maintain a quality assessment and improvement programme (QAIP) which needs to be sufficiently comprehensive to encompass all aspects of Internal Audit's operation and management.

A self-assessment review was commenced, but not completed, in February 2023 to evaluate Internal Audit's conformance with the PSIAS. The IAM is already preparing a QAIP which will be redesigned to include more detail and planned improvements, including those recommendations made following the peer review undertaken in March 2023. One of the improvements that will need to be addressed is the introduction of a formal skills and competencies process, to allow for auditor training and development including support for continued professional development requirements for membership of professional bodies.

- 7.2 The main issues identified from the self-assessment are:

- Auditor training on PSIAS changes introduced
- On-going assessment and identification of auditor training and development needs
- Full review of the audit manual and amendments to reflect several initiatives introduced in recent years
- More evidence of risk-based planning using the risk register
- A more comprehensive QAIP and annual improvement plan.

7.4 A peer review was carried out in March 2023, led by the LGA and using audit leads from other authorities with the intention of assisting the Internal Audit Service in preparation for an external quality review. The PSIAS includes a requirement for periodic self-assessments and external assessments at least once every five years by a qualified, independent assessor from outside the Council. Internal Audit plans to introduce the recommendations of the peer review, and also reassess where it is not fully conformant with the standards. It will then need to consider if and when a formal EQA will be undertaken. Whilst Internal Audit may not be able to demonstrate each and every standard, it generally operates in the spirit of the standards, which are the same regardless of the size of the team. One of the most important areas that could not be evidenced was the risk-based audit planning. This is easier to demonstrate now that a new corporate risk register is in place, although audit planning will be more robust and transparent once reliance can be placed upon service level risks.

Appendices

- A. Summary of key findings and good practice identified from 2022/23 internal audit reviews.
- B. Assurance Definitions used in the report.

Assurance Definitions

Substantial Assurance Reviews

Audit	Key Findings	Good Practice Reported
None to report		-

Adequate/Reasonable Assurance Reviews

Audit	Key Findings	Good Practice Reported
Fuel Usages & Purchases	<ul style="list-style-type: none"> Fuel contract has expired, and work is ongoing to relet it Routine monitoring of fuel usage is not formalised Fuel usage information is not shared with service managers 	The Transport Manager is knowledgeable on fuel related matters. Processes have been established to ensure adequate fuel supply and continuity of service, including daily filling of vehicles, availability of emergency use fuel cards and plans for phased service delivery based on priority.
Payroll	<ul style="list-style-type: none"> No process notes for the payments process Key documents and email evidence not consistently stored and saved Timesheets not updated to reflect iTrent formatting and are manually input Key person dependency, no segregation of duty during manual input of information and allocation of resources presents a risk to the delivery of the service System access controls are weak No disaster recovery plan No Ghost Employee check conducted. 	Successful implementation of a new payroll system and new team structure, and focus was on successful delivery of salary payments. Payroll manager used their initiative, creating reports and control spreadsheets to process payments on time. As the system has now been imbedded, focus should be concentrated on tightening up the processes and controls.
ICT Shared Service Costs Allocation	<ul style="list-style-type: none"> Existing model out of date and in need of revision Processes currently very manual with a high degree of duplication and rekeying There is considerable reliance on an officer for historical and processing knowledge and there are minimal procedure notes in place It was not always possible for audit to verify the recharge invoices due to lack of detail Due to requests for information and queries from the Councils billing is often delayed 	The processes in place have very much been developed in response to the move to a shared service, and there was no real provision for this at the outset. The team are aware of weak points and areas requiring development and were actively working on addressing these whilst the audit was conducted.
Planning Apps KPIs	<ul style="list-style-type: none"> Some internal KPI results could not be recreated, indicating either they were initially calculated incorrectly 	-

**Summary of key findings and good practice identified
from 2022/23 Internal Audit reviews**

	<p>or there has been a retrospective change in data.</p> <ul style="list-style-type: none"> • Data Quality Document [for Planning] needs reviewing. This was last reviewed in 2017/2018, contains errors and does not document the current process for calculating internal KPIs throughout the year. • There is a lack of reporting continuity between the time scales used for HDC's internal KPIs and government statistics, increasing workload and duplication of effort. • There are no written procedure notes to document how to retrieve data from Uniform and then submit these to central government. • Extension dates are manually input in the Uniform system by officers which could result in human error, although this is recognised as an inherent risk with most operating systems. 	
S.106 Agreements 21.22	<ul style="list-style-type: none"> • Whilst processes are in place over the Section 106 Agreement process, resource limitations both within the team and across the authority are having an adverse impact on the management and monitoring of agreements and the delivery of planning conditions • The corporate appetite for Section 106 monitoring has not been formalised, resulting in inconsistent approaches, poor service buy in and low level resource commitment • Corporate commitment to Section 106 Agreement monitoring has not been formalised • Staff changes and turnover has impacted on gaps in process knowledge and responsibilities • The Section 106 Agreement template requires review and update • Resourcing has an adverse impact on the monitoring of cases and progression of schemes 	<p>Despite the limited resource and high volume of clauses the team has worked hard to establish a process for monitoring agreements. Good use is being made of the system to capture activity and flag cases for review. The Finance and Implementation Admin Officer demonstrates a really good understanding of the process, live cases and the action required to drive delivery, and shows commitment to deliver the conditions which underpin the agreements.</p>

**Summary of key findings and good practice identified
from 2022/23 Internal Audit reviews**

	<ul style="list-style-type: none"> Local level programme being established for the revision of processes within the team 	
Shadow IT / Service-procured systems 21.22	<ul style="list-style-type: none"> There is no defined framework in place for the procurement and management of shadow IT systems, hardware or applications not supported by IT The Council's Acceptable Use Policy has not been formally communicated to members of staff and there is no mechanism in place for recording user acknowledgement Members of staff have not been provided with sufficient training, awareness, or guidance with regards to shadow IT applications or procurement of hardware outside of IT. 	<ul style="list-style-type: none"> Application Support Matrix in place procedures in place Technical controls implemented to prevent non-authorized staff from installing or running applications. mobile device management tool in place Firewalls control enterprise-level traffic and Mimecast is in place an information asset register in place defined change approval process
Corporate Enforcement Policy 21.22	<ul style="list-style-type: none"> No written procedures notes regarding on how enforce Lack of case notes Barristers instructed, creating potentially unnecessary additional service costs. Policy is not used as a guide for enforcement as Teams use their own legislation to enforce PACE refresher training needed Management reviews not documented on cases Missing supporting documents Case management system used differently by teams Tascomi not configured to run necessary reports on enforcement metrics Inconsistencies in the level of enforcement across teams Documents not reflective of current management structure Changes in legislation are difficult to monitor. 	<p>Although the policy has not been read by a number of officers, all officers understood that a stepped approach should be taken when enforcing.</p> <p>The cases with clear notes also supported that a stepped approach is taken when looking into an enforcement case.</p>

**Summary of key findings and good practice identified
from 2022/23 Internal Audit reviews**

Limited Assurance Reviews

Audit	Key Findings	Good Practice Reported
Purchasing Cards	<ul style="list-style-type: none"> • Users not following guidance notes and no written procedure notes for Finance officers • No permanent officer ownership over purchasing card process. • Conflicting opinion on usage of purchasing cards, with vague guidance notes left to user's own interpretation • Purchasing cards paid before statements have been downloaded and supporting evidence returned. • Missing/unreturned transaction logs and receipts • Insufficient purchase descriptions on transaction logs • Managers are not copied into the returned evidence email and no evidence of budget holder approval • Lack of consequence for cardholders should supporting evidence not routinely be returned • Purchasing card module in Tech1 is not used. 	
Social Value in Procurement	<ul style="list-style-type: none"> • The Council is broadly compliant in terms of the Social Value Act 2012 • Social Value Policy and Framework, adopted in 2019, has not been implemented and the key aspects are not complied with • A number of changes, including economic climate and local resource have impacted our ability to deliver in this area, and our approach has not been amended to reflect this • Formal contract management process is not in place at the Council • Staff not been trained in social value • Options for engagement with other Council Services and local businesses not been explored 	
Risk Management	<i>Report not yet finalised</i>	<i>Report not yet finalised</i>
Debtors 22.23	<ul style="list-style-type: none"> • Debt Management Policy in need of review • Procedure notes needed for remaining areas. 	A number of new processes have been introduced during 2022.23 which are improving the control environment however this

Summary of key findings and good practice identified from 2022/23 Internal Audit reviews

	<ul style="list-style-type: none"> • Estates debt management process not defined/documented. • Credit balances handling is not defined. • Aged debt reports and write off levels are reported • Limited reporting to CGC on pertinent accounts receivable information. • Action outstanding from 21.22 (monthly management info and debt collection performance). 	<p>is in the early stages of implementation and relies on consistent resourcing.</p>
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Assurance Definitions

Opinion	Description
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.
Reasonable Assurance	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 Assurance	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.

In applying the most appropriate level of opinion the internal auditor will use their professional judgement, based on the results of the audit, consideration of risk and consequences of areas of weakness for the organisation.

Internal control environment

The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- Establishing and monitoring the achievement of the organisation's objectives.
- The facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties.
- Ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- The financial management of the organisation and the reporting of financial management.
- The performance management of the organisation and the reporting of performance management.

System of internal control

A term to describe the totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.