

Oadby & Wigston Borough Council

Internal Audit Progress Report

June 2022



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1. Introduction

This report summarises the work of Internal Audit for the period to the end of June 2022. The purpose of the report is to provide the final update to the Audit Committee on delivery of the 2021/22 audit plan and includes a summary of all audits completed since the March 2022 Audit Committee.

2. Reviews completed since March 2022 Audit Committee

Review	Key issues	Level of assurance				
Financial Systems	<ul style="list-style-type: none"> Continue to implement the recommendations made by the LGA peer review report in respect of implementing a savings plan to support the MTFP. Deliver training to budget holders in 2022/23 and strengthen the documentation of budget review meetings. Take action to reduce the number of invoices paid without an official order and paid invoices dated on or before the order date. Address the increase in long overdue sundry debts and improve frequency of ongoing recovery action. Review the current policy for making short-term investments. 	See below				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
Financial Management & Reporting		✓				
Creditors		✓				
Debtors			✓			
Treasury Management		✓				

Review	Key issues	Level of assurance				
Payroll & Expenses	<ul style="list-style-type: none"> keep records of performance against key performance indicators in payroll provider contract. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
The purchase of payroll services is administered through a comprehensive and fully documented contract, which is used as an effective contract monitoring tool.			✓			
Individuals are only employed within the agreed establishment and where the post is either new or is a replacement for an existing member of staff.		✓				
All payroll data forwarded for processing is complete, accurate, timely, valid and authorised.			✓			
Output control procedures operate to ensure that all payments generated by the payroll provider are valid and accurate.			✓			

Review	Key issues	Level of assurance
Homelessness & RSI Grants	<ul style="list-style-type: none"> Certifications provided for four different grants. Recommendations made on accounting records to be maintained for grants. 	N/A

Review	Key issues	Level of assurance
Council Tax	<ul style="list-style-type: none"> Devise an action plan to address shortfall in achieving collection rate and previous years' arrears targets. 	Significant

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
Relevant property records are accurately, comprehensively and efficiently maintained and updated.		✓			
Council Tax liability is determined efficiently and in line with statutory requirements for all properties.	✓				
Billing procedures are in accordance with statutory regulations and amounts due in respect of each chargeable property have been correctly calculated and promptly demanded from the person or persons liable.	✓				
The application of discounts/exemptions is authorised in accordance with statute, the authority's policy and is supported by documentary evidence.	✓				
All council tax income is promptly posted to the correct tax payers' account and accurately reflected in accounting records.		✓			
Collection rates and other key performance indicators are regularly monitored.		✓			
Recovery and enforcement procedures are managed efficiently and in accordance with statutory requirements.			✓		

Review	Key issues	Level of assurance				
Business Rates	<ul style="list-style-type: none"> Reintroduce information exchange with Planning & Building Control on new and altered business properties. Review charitable and empty property reliefs & exemptions. Devise an action plan to address shortfall in achieving collection rate and previous years' arrears targets. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
Business property records are accurately, comprehensively and efficiently maintained and updated.			✓			
Business rates liability is determined efficiently and in line with statutory requirements for all properties.			✓			
Billing procedures are in accordance with statutory regulations and amounts due in respect of each chargeable property have been correctly calculated and promptly demanded.			✓			
The application of reliefs/exemptions is authorised in accordance with statute, the authority's policy and is supported by documentary evidence.			✓			
All business rates tax income is promptly posted to the correct tax payers' account and accurately reflected in accounting records.			✓			
Collection rates and other key performance indicators are regularly monitored.			✓			
Recovery and enforcement procedures are managed efficiently and in accordance with statutory requirements.				✓		

Review	Key issues	Level of assurance				
Benefits & CT Support	<ul style="list-style-type: none"> Re-introduce quality assurance checks on samples of new and amended claims. Implement action to improve performance against new claim processing target. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
Processes are in place to ensure all benefit claims are processed and payments/awards made in accordance with regulations and relevant policies, and are legitimate and appropriate.			✓			
Overpayments of benefit /awards are identified and accounted for in accordance with legislation/regulations, the organisation's policy, standing orders and financial regulations, and recovery (and where non-recoverable, write off) arrangements are efficient and effective.			✓			
Processing times, accuracy, overpayment levels, and other key performance indicators are regularly monitored.			✓			
All relevant records and accounts are accurately and securely updated in a timely manner to record all benefits transactions (including reconciliations to feeder and other systems).			✓			

3. Recommendation tracking

We provide a system for tracking the implementation of agreed Internal Audit recommendations as a management assurance tool for the Council and this Committee. Managers are responsible for updating actions taken and other key information directly on the system. The first table below represents the status of agreed actions due to be implemented by 31/05/22 for all recommendations raised since 1st April 2019. The second table outlines the age of the outstanding recommendations (based on the original date due for implementation). The status shown is as advised by the relevant manager/Head of Service and does not imply that Internal Audit has verified the status in all cases.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 31/05/22	-	22	106	42	170
Implemented / Closed	-	21	92	37	150
Still to be completed	-	1	14	5	20

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	0	10	5	15
3 – 6 months	-	1	0	0	1
Greater than 6 months	-	0	4	0	4
Total	-	1	14	5	20

The number of recommendations that remain unimplemented by their original target date continues to be relatively low at 20, but has increased from the 10 reported to the March 2022 Audit Committee.

Further detail on the high level risk that currently remains as 'work in progress' is detailed in the first of the tables shown below. There are four medium risk issues outstanding for more than 6 months, which are included in more detail in the second table. The Committee will be advised in future progress reports if our follow up work finds that any such cases are not in fact fully implemented.

High risk issues

Review	Recommendation	Risk	Original target date	Revised target date	Current status
Selective Licensing	Develop and deliver a formal inspection programme that addresses the delayed commencement of the Selective Licensing scheme by frontloading inspections at the start of the programme.	2	31 January 22	17 June 22	The inspection schedule is work in progress, with key considerations being EPC rating, concerns noted on the EICR electrical safety certificate and if the property has been historically known to the Authority. This work is time consuming as all files need to be cross checked against the Uniform system to ensure a thorough and effective plan is in place. The delivery of this schedule has been hampered further by the loss of capacity within the team whilst waiting for the Selective Licensing Team Leader to start. Work to complete the schedule is a priority for the new team leader once in post.

Medium risk issues overdue for more than six months from original implementation date

Review	Recommendation	Risk	Original target date	Revised target date	Current status
Housing Rents	Undertake an in-depth review of the processes for recovering rent arrears, with specific attention paid to the rising level of current tenant arrears caused by the roll-out of Universal Credit and the need to strengthen former tenant arrears recovery performance.	3	30 Nov 20	30 June 22	The final draft version of the Income Management (Housing) Policy is to be submitted for approval to the PFD Committee in June 2022.
Private Sector Housing	Review accuracy of information recorded on the HMO register	3	1 Sept 21	29 July 22	The system to support the transition to electronic management of the HMO licensing is now mostly in place, although there are some underlying issues with the software that are currently being investigated by system support. The review of the HMO register has been delayed due to the issues with recruiting to the Selective Licensing Team Leader role, which has now been appointed. A revised target date of the 29.07.2022 has been proposed due to the need to back fill within the team and release capacity for the project to be completed.
Housing Allocations	Develop written procedures covering Choice Based Lettings and Housing Allocations	3	30 Sept 21	30 Sept 22	The existing Housing Allocations Processes & Procedures will be re-drafted in line with the revised Housing Allocations Policy, which is to be listed for approval in the Finance, Development and Policy committee meeting in September 2022.
Volunteer Programme	Review the Volunteering Policy to ensure that it reflects all initiatives and schemes planned in the short and medium term.	3	30 Sept 21	1 July 22	A new policy has been drafted and is awaiting approval by the PFD Committee.

4. 2021/22 Internal audit plan

Review	Scheduled	Status	Level of assurance
Performance Management	Quarter 1 / 2	Final report	Significant
Risk Management	Quarter 3	Final report	Significant
Emergency Planning	Quarter 1 / 2	Final report	Significant
Financial Management & Reporting	Quarter 4	Final report	Significant
Creditors	Quarter 4	Final report	Significant
Debtors	Quarter 4	Final report	Moderate
Treasury Management	Quarter 4	Final report	Significant
IT Audit – Transition to In-House ICT	Throughout year	Ongoing advice & support	N/A
Payroll & Expenses	Quarter 4	Final report	Significant
Homelessness & RSI Grants	Quarter 4	4 x certifications provided	N/A
Council Tax	Quarter 3	Final report	Significant
Business Rates	Quarter 3	Final report	Significant
Benefits / Council Tax Support	Quarter 3	Final report	Significant
Community Safety	Quarter 2	Final report	Moderate
Business Restart Grants (Covid-19)	Quarter 2	Certification provided	N/A
Volunteer Programme	Quarter 1	Final report	Moderate
Taxi Licensing	Quarter 1 / 2	Final report	Significant
Selective Licensing	Quarter 1 / 2	Final report	Moderate
Housing Repairs & Maintenance	Quarter 4	Final report	Moderate