

Oadby & Wigston Borough Council

Internal Audit Progress Report

March 2021



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1. Introduction

This report summarises the work of Internal Audit for the period to the end of March 2021. The purpose of the report is to update the Audit Committee on progress made in delivering the 2020/21 audit plan.

2. Progress summary

This is the second progress report for 2020/21. We continue to make good progress towards delivering the plan and we do not anticipate any difficulties in delivering or full programme of work for 2020/21. Section 5 of this report provides a summary of the current status of all audits included on the 2020/21 plan.

3. Reviews completed since last report

Review	Key issues	Level of assurance
Risk Management	<ul style="list-style-type: none">Internal Audit has facilitated the production of a documented Opportunity Risk Management Policy and has also reviewed and amended the existing strategic risk register and accompanying operational risk registers to comply with the new policy.	Full

Review	Key issues	Level of assurance
IT Audit – Website Content Management	<ul style="list-style-type: none"> Multi-factor authentication should be used for all administration accounts on the website and the minimum password length increased to 10+ characters. A security penetration of the website should be commissioned. The supplier’s responsibilities for taking backups of the website should be included in the documented agreement. A backup restore test should be performed. Documentary evidence of compliance with accessibility guidelines should be maintained. All user accounts on the new website should be reviewed to ensure they are valid. Roles and responsibilities for managing website content should be documented. 	Moderate

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
The Content Management System is appropriately configured for logical security and user access rights.			✓		
Logs/journals are maintained by the Content Management System.	✓				
The website has been designed for access by disabled users.		✓			
The website operates in a secure environment.			✓		
The website is subject to a regular backup regime.			✓		

Review	Key issues	Level of assurance
Waste Management	<ul style="list-style-type: none"> Review use of agency workers in conjunction with a formal consideration of future requirements of the waste collection service based on likely service developments. The overall objective of this review should be to reduce the current levels of reliance on temporary staff. 	Significant

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
Effective arrangements are in place to ensure that kerbside collections of refuse, recycling and garden waste are undertaken in an efficient manner in accordance with relevant legislation.		✓			
Appropriate records of the collection of waste are maintained and utilised to monitor the effectiveness of service provision.		✓			
Income and expenditure in respect of the kerbside waste collection service is appropriately monitored.	✓				
The kerbside collection service is delivered in accordance with relevant health and safety standards and staff receive adequate training for their role.		✓			
There are effective performance monitoring arrangements in place to ensure that the kerbside collections meet the Council's standards and the residents' expectations.		✓			

Review	Key issues	Level of assurance
Agency Workers	<ul style="list-style-type: none"> Ensure draft Agency Workers & IR35 Policy is updated to include all recommended enhancements detailed in Appendix 1. Obtain approval for policy and ensure it is implemented as soon as possible. Develop and implement a framework agreement for employment agencies approved by the Council, maximising opportunities for negotiation of preferential rates and ensuring that agencies comply with industry regulations. 	Moderate

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
The decision to engage agency workers is based on formal assessment/approval of need and is achieved in accordance with VFM principles and contracting rules.			✓		
Agency workers have the appropriate skills, qualifications & clearance for the role they have been engaged to fulfil.			✓		
Relevant legislation such as Agency Worker Regulations and Intermediary Rules (IR35) are fully complied with.			✓		
Agency workers receive appropriate induction/mandatory training			✓		
Payments made for the services of agency workers are accurate, timely and valid.			✓		

Review	Key issues	Level of assurance
Business Grants (SBGF & RHLGF)	<ul style="list-style-type: none"> Substantive testing carried out on 25 payments across both types of grant confirmed that payments were accurate and valid. It should however be noted that this remains a relatively small sample size when compared with the total number of payments made. Wider review of the documentation provided in support of the payments made highlighted three potential exclusions and three potential duplicate payments that require further investigation by the Council. Due to time and resource constraints the Council did not undertake formal pre-payment verification assessments, or use government tools such as Spotlight to undertake post-payment verification checks. The Council is however due to participate in the grant payment National Fraud Initiative (NFI) that will shortly be running, which should provide for an appropriate level of post-payment verification. The audit highlighted that work was still required to ensure that the minimum data set required by the NFI exercise is fully complete. Based on the assumption that the Council will participate fully in the NFI exercise and respond promptly to any potential fraudulent payments that may be identified, we are able to provide significant assurance on the control system operated to make SBGF and RHLGF payments. 	Significant

Review	Key issues	Level of assurance
Discretionary Business Grants	<ul style="list-style-type: none"> The Council responded to central government's stated aim to make payments to businesses as soon as possible. The results of our review lead us to conclude that the correct businesses were identified for payment of these grants in line with the criteria outlined by the Council's Discretionary Business Support Grant Policy. Substantive testing carried out on 10 grant disbursements (18.5% of total population) confirmed that payments were accurate, valid and made to businesses meeting the eligibility criteria outlined by the Council. On this basis of this testing, we are able to provide Significant Assurance that an appropriate control framework was put in place to make these payments, although it was noted that due to time and resource constraints, the Council did not undertake formal pre-payment verification assessments, or use government tools such as Spotlight or Experian products through the National Fraud Initiative to undertake post-payment verification checks. The Council has confirmed that appropriate post-payment verification checks will be undertaken. 	Significant

Review	Key issues	Level of assurance
Other Covid-19 Grants	<ul style="list-style-type: none"> The Council received additional grants from central government that required formal certification by the Head of Internal Audit and the Chief Executive. These were in respect of the local lockdown stipulated by central government and a separate grant to be used for expenditure on Covid-19 enforcement and compliance duties. 	Certifications provided

4. 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 28/02/21 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 28/02/21	-	15	48	18	81
Implemented / closed	-	15	39	15	69
Still to be completed	-	0	9	3	12

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	0	0	0	0
3 – 6 months	-	0	4	0	4
Greater than 6 months	-	0	5	3	8
Total	-	0	9	3	12

We normally provide additional information on overdue 'high risk' issues, but there are none to report on this occasion. There are five 'medium risk' issues outstanding for more than 6 months that are included in more detail in the following 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.

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

Review	Recommendation	Risk	Original target date	Revised target date	Current status
Financial Systems	Periodic review of System Integra User Details to ensure that all users are bona fide employees and their access rights are consistent with their role; including the System Administrator role.	3	31/05/20	31/12/20	This is in progress but review and improving current procedures required.
Financial Systems	Pursue overdue sundry debtors in accordance with the debt recovery policy.	3	31/05/20	31/12/20	This is still pending and income debt recovery has been delayed during Covid 19 lockdown period.
Financial Systems	Raise sundry debtor accounts in a timely fashion and ensure supported with appropriate documentation to demonstrate basis for raising.	3	31/05/20	31/12/20	Action still pending.
Financial Systems	Ensure that sufficient action is being taken to recover and/or write-off long overdue debts.	3	31/05/20	31/12/20	Still in progress to do.
Financial Systems	All leavers to be notified by line management and/or HR to the IT contractor in a timely manner to ensure access to the Council's IT system is removed as soon as possible after the date of leaving. Undertake management check to confirm that all leavers in the past 12 months have been removed from the Council's IT systems.	3	30/06/20	31/12/20	This is still pending and work in conjunction with ICT is required to mitigate this risk.

2020/21 Internal audit plan

Review	Scheduled	Status	Level of assurance
Risk Management	Quarter 1/2	Complete	Full
Financial Management & Reporting	Quarter 4	In progress	
Creditors	Quarter 4	In progress	
Debtors	Quarter 4	In progress	
Treasury Management	Quarter 4	In progress	
Contract Register	Quarter 1	Final report	Limited
IT Audit – Website Content Management	Quarter 2	Final report	Moderate
Payroll	Quarter 4	In progress	
Agency Workers	Quarter 2/3	Final report	Moderate
Business Support Grants (SBGF & RHLGF)	Quarter 2/3	Final report	Significant
Discretionary Business Grants	Quarter 3/4	Final report	Significant
Other Covid-19 Grants	Quarter 4	Fieldwork complete	Certifications provided
Waste Management	Quarter 2	Final report	Significant
Private Sector Housing – Enforcement	Quarter 4	In progress	
Housing Allocations – Choice Based Lettings	Quarter 4	In progress	
Honorarium/Acting-Up Arrangements	Quarter 1	Final report issued	N/A
Follow-up	Ongoing		