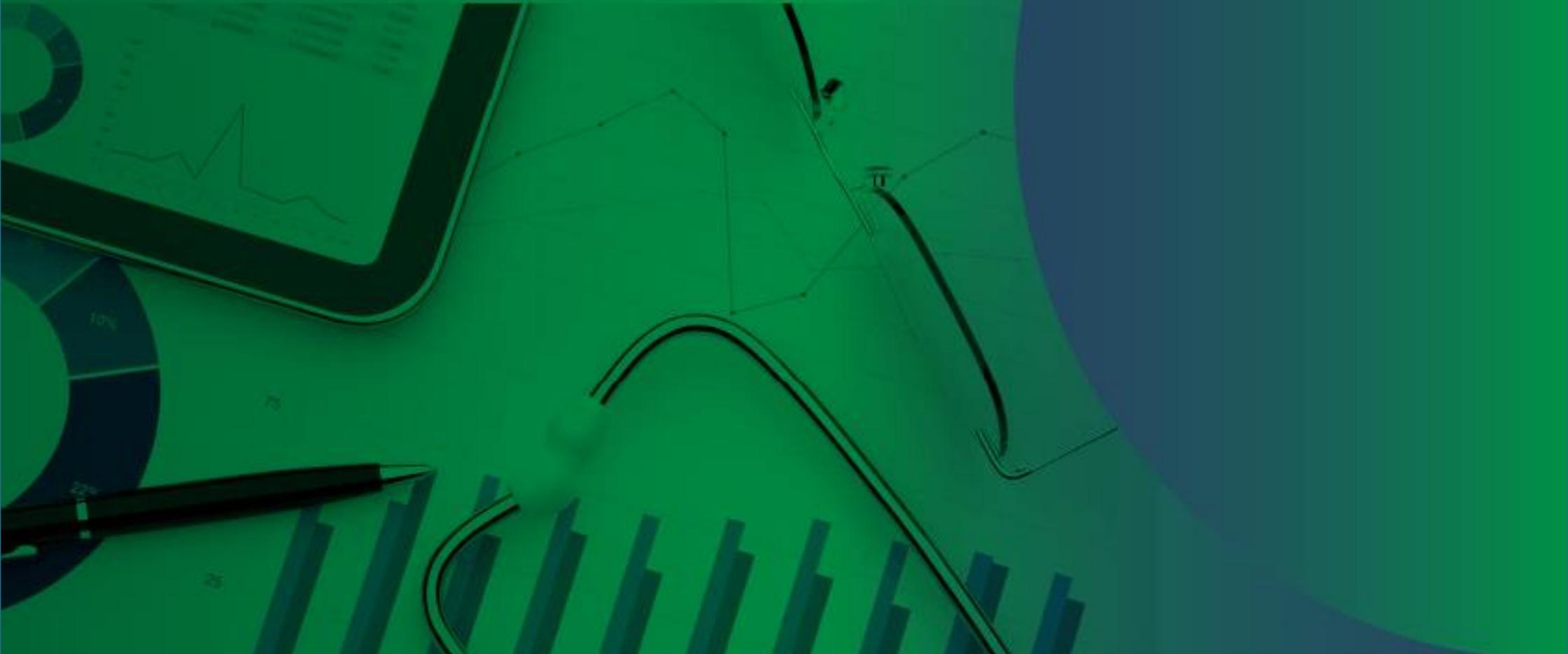




Oadby and Wigston Borough Council

Internal Audit Progress Report

Audit Committee: 9th April 2025



Contents

Section	Page	Appendices	Page
Introduction	1	A: Internal audit plan	4
Internal audit update	2	B: Summary of audits completed	5
		C: Key Performance Indicators	8
		D: Action tracker	9

Reports prepared by 360 Assurance and addressed to Oadby and Wigston Borough Council's directors or officers are prepared for the sole use of Oadby and Wigston Borough Council, and no responsibility is taken by 360 Assurance or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit between Oadby and Wigston Borough Council and 360 Assurance dated 1 April 2024 shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

The matters reported are only those which have come to our attention during the course of our work and that we believe need to be brought to the attention of Oadby and Wigston Borough Council. They are not a comprehensive record of all matters arising and 360 Assurance is not responsible for reporting all risks or all internal control weaknesses to Oadby and Wigston Borough Council.

The appointment of 360 Assurance does not replace or limit the Council's own responsibility for putting in place proper arrangements to ensure that its operations are conducted in accordance with the law, guidance, good governance and any applicable standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

This report has been prepared solely for your use in accordance with the terms of the aforementioned agreement (including the limitations of liability set out therein) and must not be quoted in whole or in part without the prior written consent of 360 Assurance.

This paper identifies progress made in relation to completion of work from the Council's 2024/25 Internal Audit Plan and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity in a format agreed with the Audit Committee and complies with the requirements of Public Sector Internal Audit Standards.

The Client Manager meets with the Chief Finance Officer / S151 Officer regularly to discuss progress against the plan and to monitor and evaluate the effectiveness of this work which informs the Council's plan.

This progress report covers the work carried out during the period 1st January to 26th March 2025.

Action required

The Audit Committee is asked to:

Note the key messages and progress made against the Internal Audit Plan since the last meeting.

Receive the information and guidance papers produced by 360 Assurance and seek assurance from the Council that the issues raised are being considered and, where necessary, addressed by the Council.

Members are invited to raise any questions.

Key contacts

Leanne Hawkes, Director

M – 07545 423040

E – leanne.hawkes@nhs.net

Tracey Barnard-Ghaut, Assistant Director

M – 07545 502397

E- Tracey.Barnard-Ghaut1@nhs.net

Ruby Deo, Client Manager

M – 07545 502399

E – Ruby.Deo@nhs.net

Key messages

Since the last Audit Committee we have:

- Issued 4 final reports:
 - Treasury Management
 - Housing Rents
 - Food Safety
 - Payroll and Expenses
- Issued 1 proposed final report:
 - Business Continuity
- Issued 1 draft report:
 - Staff Lone Working
- Undertaken fieldwork to progress the audit plan.

Service benefits and other matters



Events

Papers from our events are available on our website
<https://www.360assurance.co.uk/events/>



Client briefing and other publications

We regularly publish articles and all of these are on our website.

Our publications and monthly briefings are available at:
<https://www.360assurance.co.uk/news-publications/>

Contract performance

2024/25 Planned audits	Audits completed to report stage	% complete
13	9	69%
	Audits in progress	% in progress
	4	31%

The Internal Audit Plan in Appendix A provides a detailed breakdown of delivery.

We have provided at Appendix C a summary of our performance in relation to Key Performance Indicators detailed in our Service Level Agreement with the Council.

Head of Internal Audit Opinion

Internal Audit Outturn

The assurance levels provided for all reviews undertaken is summarised below:

Substantive Assurance	<ul style="list-style-type: none"> • None
Significant Assurance	<ul style="list-style-type: none"> • Financial Management & Reporting (2023-24) • Housing Allocations (2023-24) • Strategic Risk Management • Payroll and Expenses • Treasury Management • Housing Rents • Housing Repairs Procurement • Waste Management Project Assurance • Food Safety
Moderate Assurance	<ul style="list-style-type: none"> • None
Limited Assurance	<ul style="list-style-type: none"> • None
Weak Assurance	<ul style="list-style-type: none"> • None
Other	<ul style="list-style-type: none"> • None

Implementation of internal audit actions

The table below shows the current status of progress against internal audit actions:

2024/25 Implementation of internal audit actions	
High risk actions closed on time	(0/0)
First follow up rate – high and medium risks	65% (11/17)
First follow up rate – all risks	64% (18/28)
% of actions subject to revised due dates	7%
Overall implementation rate	68%
Historic Actions	
Historic actions (pre 1 April 2024) outstanding	10

Further details on action tracking are included in Appendix D.

The table below summarises progress against the 2024/25 Internal Audit Plan.

Ref.	Audit	Planned timing	Status	Assurance Level provided	Date reported to Audit Committee
Head of Finance – S151 Officer					
1	Head of Internal Audit Opinion (core)	Q1-4	ToR issued – ongoing during year	~	~
2	Strategic Risk Management (core)	Q3-4	Completed	Significant	January 2025
3	National Fraud Initiative	Q1-4	Ongoing		
4	Financial Management and Reporting (core)	Q4	Fieldwork in progress	~	~
5	Financial Systems – Treasury Management (core)	Q4	Completed	Significant	April 2025
6	Housing Repairs Procurement review	Q3	Completed	Significant	January 2025
7	Grant Certifications	Q1-4	Ongoing throughout the year	Certifications	
Head of Customer Services and Transformation					
8	Human Resources - Staff Lone Working (core)	Q3	Draft report stage	~	~
9	Payroll and Expenses	Q3-4	Completed	Significant	April 2025
10	IT Audit (IT governance health check)	Q3-4	Fieldwork in progress	~	~
11	Business Continuity	Q2	Proposed final report stage	~	~
12	Waste Management (project assurance)	Q2	Completed	Significant	January 2025
13	Food Safety	Q2-3	Completed	Significant	April 2025
Head of Built Environment					
14	Housing Rents	Q2-3	Completed	Significant	April 2025
15	Homelessness	Q4	Fieldwork complete	~	~
16	S106 Agreements	Q3-4	Fieldwork complete	~	~

The following reports have been issued and agreed with Council officers.

2425/OWBC/07 Treasury management	
Objectives and scope	<p>The overall objective of our review was to determine whether an efficient, effective and robust control environment is in place in relation to cash flow and treasury management and to provide an independent assurance opinion. To achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> • The organisation has an approved Treasury Management Policy. • The organisation has a cash flow forecast that is regularly reviewed/updated and subject to scrutiny. • The organisation monitors surplus funds and invests them in line with its Treasury Management Policy. • Arrangements are in place to manage borrowing. • The Council has arrangements in place to comply with the Prudential Code. • Up-to-date bank mandates are in place with the organisation’s bankers. • Cash/bank reconciliations are regularly and promptly prepared and reviewed with reconciling items cleared in a timely manner. • There are effective processes in place to scrutinise treasury management activities. <p>Limitations of Scope: The scope of our work was limited to the areas identified in the agreed Terms of Reference. Our review of treasury management has not validated the organisation’s investment strategy or assessed its effectiveness.</p>
Audit opinion	Significant Assurance
Summary findings	<p>The Treasury Management Strategy was approved by the Policy Finance and Development Committee and Full Council in February 2024. The Council has undertaken a number of short term investments during 2024/25 to date (September 2024) and all were appropriately authorised. The Council has completed one borrowing to date in the current financial year (September 2024) which was appropriately authorised. This audit has identified two medium risk areas for improvement, which relates to amendments to the Treasury Management Policy and ensuring bank mandates are kept up to date. A number of low risk improvement recommendations have been made to enhance the Council’s governance and control over treasury management activities and these include ensuring the intended use of investments are documented.</p>

2425/OWBC/06 Housing Rents	
Objectives and scope	<p>The overall objective of our review was to ensure that the Council has arrangements in place to ensure that housing rents are managed effectively. In order to achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> • Rent is charged correctly on properties in accordance with the Housing Rents Policy, and with documented calculations of gross and net rent for each property. • Arrangements are in place for timely and complete collection of rent payments and crediting these to the correct accounts. • Arrangements are in place to deal with arrears, comply with Debt Recovery Policies and ensure efficient recovery of outstanding sums. • Rent income, rent collection rates and arrears are reported to a nominated committee on a regular basis.

2425/OWBC/06 Housing Rents	
	<ul style="list-style-type: none"> Access to system functions is restricted to authorised personnel and the security and integrity of the system is maintained. <p><i>Limitations of scope:</i> The scope of our work was limited to the areas identified in the agreed Terms of Reference and has focussed on the systems and processes in place at OWBC.</p>
Audit opinion	Significant Assurance
Summary findings	<p>The audit confirmed that the Council uses the Orchard system which is designed to assist with the management, administration and collection of housing rents. We have raised three medium risk findings with actions as follows:</p> <ul style="list-style-type: none"> Discussions with key staff highlighted that they had identified an issue with the way Orchard is currently highlighting accounts that have slipped into arrears. Some arrears accounts are being omitted from arrears reports generated from the system. Arrears outstanding as a proportion of income due have increased in the last two financial years and the Council should explore all available mechanisms to reduce rent arrears as far as possible. We have noted the lack of performance reporting in respect of rent income collection and arrears recovery performance to the senior leadership within the Council and an appropriate committee. The Council should consider introducing performance reporting. <p>A further two low risk and one advisory recommendations have been raised to address the review of Housing Rent setting procedure, control account reconciliations between the housing system and general ledger, and a reconciliation of the Housing Register with the Orchard housing rent system.</p>

2425/OWBC/04 Food Safety	
Objectives and scope	<p>The overall objective of our review is to ensure that the Council has arrangements in place to ensure that food standards are maintained across the borough. In order to achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> There are up to date policies and procedures in place and all food safety/enforcement officers have received appropriate training to enable them to carry out their duties. There are processes in place to ensure that all food business operators are registered and approval is given prior to startup of the business for any approved premises. Processes are in place to ensure all food businesses in the Borough are inspected on a regular basis and any issues are dealt with appropriately in line with the policies. Advice and training is provided to business owners and any food alerts are issued promptly. Any premises or food complaints are dealt with promptly by the Council and appropriate action is taken to protect public health. A centralised system is used to record all food premises in the Borough, inspections undertaken and the results/actions taken. <p><i>Limitations of scope:</i> The scope of our work was limited to the areas identified in the agreed Terms of Reference.</p>
Audit opinion	Significant Assurance

2425/OWBC/04 Food Safety	
Summary findings	<p>The Council has a Food Enforcement Policy and Food Delivery Plan in place. All applications, inspections and complaints in respect of businesses are recorded in the Uniform system. The Council triages new businesses and assigns them with a risk rating for the category of business and prioritises high risk rated businesses for inspections.</p> <p>We have raised three medium risk findings in respect of overdue food safety inspections and reviewing the capacity of the Environmental Health team in relation to food safety. One advisory action has been included to amend the review date on the Food Enforcement Policy from 2024 to 2027.</p>
2425/OWBC/08 Payroll and Expenses	
Objectives and scope	<p>The overall objective of our review is to determine whether an efficient, effective and robust control environment is in place in relation to pay expenditure and to provide an independent assurance opinion. In order to achieve this objective, we reviewed the following controls:</p> <ul style="list-style-type: none"> • A signed contract is in place for the provision of payroll services • Approval to recruit posts within the agreed establishment is obtained prior to recruitment taking place • New starters are authorised and entered accurately onto the payroll system • Leavers are authorised and accurately processed on a timely basis and final salary payments are adjusted to reflect leaving dates. • Changes to payroll records are authorised, controlled and accurately processed • Payroll data input locally (such as timesheets and expenses) is complete, accurate, timely, valid and authorised. • Access to the payroll system is restricted so that only authorised officers may make additions, amendments and deletions • Checks are in place to ensure the accuracy of payroll runs prior to authorising payment (exception reports) • The organisation verifies the payroll data prior to upload to the financial ledger <p><i>Limitations of scope:</i> The scope of our work was limited to the areas identified in the agreed Terms of Reference. Our review has not included:</p> <ul style="list-style-type: none"> • pre-employment checks undertaken for new starters • payroll processes relating to non-substantive (bank/temporary) staff • compliance with the Pension Scheme Regulations.
Audit opinion	Significant Assurance
Summary findings	<p>A contract is in place with the service provider which has been signed by both parties. The Council maintains a performance log of any issues that require raising with the provider at monthly performance monitoring meetings. Sample testing undertaken in respect of starters, leavers, permanent variations and temporary variations (overtime, mileage and expenses) confirmed that controls operated by the Council were largely found to be working effectively, although one instance was noted where the authorising officer was not formally approved to do so and one instance where a mileage claim had not been signed by the claimant.</p>

As part of our contract with the Trust we agreed a number of Key Performance Indicators. Those that can be measured on a quarterly basis are included below; others will be reported in our Annual Report due in June 2025. Please note these are compiled on a cumulative basis.

So far in 2024/25 we have issued thirteen Terms of Reference, 1 draft report, 1 proposed final report and 7 final reports in respect of 2024/25.

360 Assurance KPIs	Target	Q1	Q2	Q3	Q4
Issue a Client Satisfaction Questionnaire following completion of every audit.	100%	100%	100%	100%	100%
Terms of Reference issued before commencement of the audit.	100%	100%	100%	100%	100%
Draft report issued within 10 working days of exit meeting.	100%	100%	Not applicable	100%	100%
Final report issued within 5 working days of executive sign-off.	100%	100%	Not applicable	100%	100%
Overall client satisfaction rating of satisfied or highly satisfied.	90%	No responses received in Q1	No responses received in Q2	No responses received in Q3	No responses received in Q4
Client KPIs	Target	Q1	Q2	Q3	Q4
Terms of Reference to be agreed within 10 working days of being received.	100%	100%	100%	100%	77% *
Information has been provided and staff have been available to meet the timescales set out within the Terms of Reference.	100%	100%	100%	100%	92% **
Management response received within 10 working days of receiving the final draft report.	100%	100%	Not applicable	50%	100%
<p>* There are three audits (Payroll & Expenses, Homelessness and IT audit – governance health check) where the Terms of Reference were not agreed by Council officers within 10 working days.</p> <p>** There is one audit (Financial Ledger Management and Reporting) where information was not provided in line with the agreed timescales in the terms of reference.</p>					

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of an organisation’s framework of governance, risk management and control for the period for which it relates. The opinion will take into account the implementation of internal audit actions.

In forming an opinion for 2024/25, we will take into account:

- how the organisation takes ownership to ensure that actions are being implemented within the dates agreed
- whether there are any actions still open from previous years and how these are progressed in 2024/25
- whether appropriate focus is given to high and medium risk actions so that they are closed at their original due date
- what percentage of actions are implemented by their original due date – this is for all actions with an original due date 1 April 2024 to 31 March 2025.

We expect to see a robust process and proactive culture in the organisation on internal audit actions and a focus on high risks. At least 75% of all high and medium risk actions should be closed by their original due date and progress to have been made on historic actions.

The 2024/25 opinion will be informed by the follow-up rate as at 4 April 2025.

The chart below summarises the progress against agreed actions (by risk rating) for Internal Audit for 2024/25:

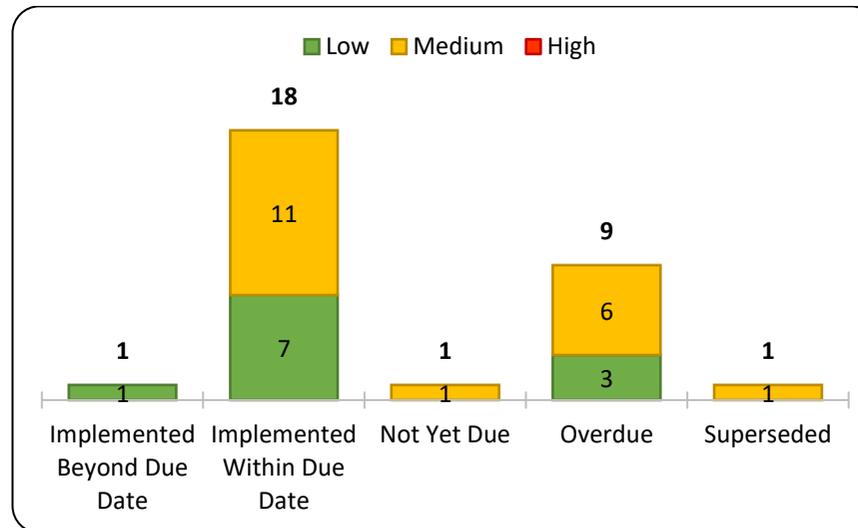


Table 1 below provides a summary of actions due on or by 26th March 2025 that have yet to be implemented (this includes actions where extensions to original implementation dates have been agreed).

Table 1

Audit reference/title by Executive Lead	Low	Medium	High	Total	Comments
Head of Built Environment	-	1	-	1	
Private Sector Housing – Enforcement	-	1	-	1	<p>Deadline for implementation has been moved to provide further capacity to explore viability of further Selective Licensing scheme, as a specific HMO policy is not a statutory requirement and there is already a process currently in place.</p> <p>Following the approval of consultation for a further Selective Licensing scheme within the Borough, amendments to HMO management and charges will be brought in to coincide with any new scheme with new policy and charging scheme to become live concurrently subject to relevant approvals.</p> <p>December 2024 update:</p> <p>I would ask that the deadline be amended to 31/03/25 so this can be considered following completion of the consultation and a decision on a further selective licensing scheme which is scheduled for early February 2025. You may be aware this is a critical piece of work which will take considerable resource to progress and one which is considered a priority.</p> <p><u>Original due date:</u> 1st April 2024 <u>Revised Implementation date:</u> 5th December 2024 <u>Revised implementation date:</u> 31st March 2025</p>
Head of Customer Services and Transformation	1	1	-	2	
Waste Management Project Assurance	1	-	-	1	<p>Compile, monitor and report on specific measures for other benefits that arise from moving to fortnightly bin collections.</p> <p><u>Original due date:</u> 28th February 2025</p> <p><i>No updates have been received</i></p>
Procurement	-	1	-	1	<p>Approval and reporting of high level expenditure in line with Council’s Contract Procedure Rules</p> <p><u>Original due date:</u> 30th November 2024</p> <p><i>No updates have been received</i></p>

Audit reference/title by Executive Lead	Low	Medium	High	Total	Comments
Head of Law and Democracy	-	1	-	1	
Food Safety	-	1	-	1	Continue to review the number of overdue inspections and determine any further actions to reduce the number of inspections overdue. Original due date: 28 th February 2025 <i>Updates have been received and are in the process of being validated</i>
Section 151 Officer	2	3	-	5	
Financial Systems	2	-	-	2	Debt recovery action and Debt invoices raised. <u>Original due dates:</u> 30 th November and 31 st December 2024 respectively <i>Updates have been received and are in the process of being validated</i>
Financial Management and Reporting	-	3	-	3	Control account reconciliations completion, system access regular reviews, system leavers. <i>The above actions are being validated as part of the 2024-25 review.</i>
TOTAL	3	6	-	9	

Table 2 below provides details of all historic actions (with original due dates before 1st April 2024) not yet fully implemented.

Table 2

Audit reference/title by Executive Lead	Low	Medium	High	Total	Comments
Chief Finance Officer / S151	1	-	-	1	
Financial Systems	1	-	-	1	Reports of aged debt levels being periodically provided to the PFD Committee. <u>Original Due Date:</u> 30 th September 2023 <u>Revised Due Date:</u> 30 th June 2024 <i>Updates have been received and are in the process of being validated.</i>
Head of Law and Democracy	1	6	1	8	
Grounds Maintenance and Street Cleaning	1	6	1	8	The responsible officer is off on long term sickness and responsibility for these actions has been transferred to another officer. <u>Original Due Date:</u> 3 due by 30 th June 2023 and 5 due by 30 th September 2023 <u>Revised Implementation date:</u> 31 st December 2024 <i>No updates received</i>
Head of Customer Services and Transformation	1		-	1	
Payroll	1	-	-	1	Contract Documentation – decision on the provision of payroll services. Action Update: Due to organisational change priorities within 2023/24 it has only been possible to spend limited time on researching other payroll service options and this work will continue in 2024/25 with a view of a formal decision being made by the end of 2024/25 (target changed). We will review current contractual arrangements with EMSS during 2024/25 to more clearly set service delivery priorities. <u>Original Due Date:</u> 31 st March 2024 <u>Revised implementation date:</u> 31 st March 2025
TOTAL	3	6	1	10	