Dear Members

Audit and Accounts Committee

A meeting of the Audit and Accounts Committee will be held in the **Sheridan Room, Civic Centre, Riverside, Stafford on Tuesday 21 March 2023 at 6.30pm** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown in each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

Head of Law and Administration

AUDIT AND ACCOUNTS COMMITTEE -

21 MARCH 2023

Chair - Councillor A M Loughran

AGENDA

1   Minutes of 20 February 2023 as circulated and published on 1 March 2023

2   Apologies

3   Officers' Reports

Chair - Councillor A M Loughran

M G Dodson	P W Jones
I D Fordham	A M Loughran
R A James	A Nixon

Agenda Item 3(a)

Committee:	Audit and Accounts
Date of Meeting:	21 March 2023
Report of:	Chief Internal Auditor & Risk Manager
Contact Officer:	Stephen Baddeley
Telephone Number:	01543 464415
Ward Interest:	Nil
Report Track:	Audit and Accounts 21/03/23 (Only)

Internal Audit Progress Report - February 2023

1   Purpose of Report

1.1   To present to the Audit and Accounts committee for information a progress report on the work of Internal Audit up to 28 February 2023

2   Recommendation

2.1   That the Committee note the progress report

3   Key Issues and Reasons for Recommendation

Key Issues

3.1   Attached is a progress report showing the audits which have been issued between 1 April 2022 and 28 February 2023.

Reasons for Recommendations

3.2   The report has been prepared for Members information.

4   Relationship to Corporate Business Objectives

4.1   The system of internal controls reviewed by Internal Audit is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities. Management are responsible for the control environment and should set in place policies, procedures and controls to help ensure that the system is functioning appropriately.

5 Report Detail

5.1 This report is a summary of the Internal Audit work between 1 April 2022 and 28 February 2023 and is a report of progress against the audit plan. **APPENDIX 1** contains progress monitoring information.

5.2 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.

5.3 The table below gives a summary of the level of assurance for each of the audits completed in the period. More detailed information on each of the reports issued is contained in **APPENDIX 1**.

Number of Audits	Assurance	Definition
5	**Substantial** ✔	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively. No action is required by management.
2	**Partial** ▲	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
1	**Limited** !	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.

Number of Audits	Assurance	Definition
0	**No Assurance** ✖	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	**N/A**	One piece of work was issued where it was not appropriate to issue an Assurance due to the narrow scope of the work.

5.4   **APPENDIX 2** lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.

5.5   **APPENDIX 3** shows information relating to follow-ups.

6   Implications

6.1   Financial

Nil

6.2   Legal

Nil

6.3   Human Resources

Nil

6.4   Human Rights Act

Nil

6.5   Data Protection

Nil

6.6   Risk Management

Nil

6.7   Community Impact Assessment Recommendations

Impact on Public Sector Equality Duty:

Nil

Wider Community Impact:

The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation

7   Previous Consideration

Nil

8   Background Papers

Internal Audit Reports

Progress Monitoring

Number of Audits in Plan for 2022-23	Audits Completed to Draft	Audits In Progress	Percentage of Plan In Progress or Completed to Date
22	15	9	109%

The completed and in progress figures include audits from the 2021-22
Audit Plan which have been completed this year.

Level of Assurance	No Assurance	Limited	Partial	Substantial	N/A
Number of Audits Issued in Year to date	0	2	7	6	0

N/A is where the nature of the review did not enable an opinion to be issued on the area under review.
This is normally where the focus is narrow or where a project is at an early stage of progress.

Appendix 2

Audits Completed since the last update

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
IT Third Party Supplier Management and External Data Sharing (including access controls)	Technology	Final	3	Limited !	• Data Protection Impact Assessments, Risk Assessments and Signed Confidentiality Agreements were not always completed or available for third party data transfers. • Policies need to be updated give clarity on when a Data Sharing Agreement is required and checks carried out that they are completed. • Work is required to produce an IT Contracts register which can include information on data processing arrangements.
s106 Monitoring and Delivery	Development	Final	4	Partial ▲	• Site visits to check for s106 payment triggers were only carried out once a year. • Administration of s106 Arrangements were not always recovered form the s106 income. • Funds were not always promptly allocated to projects. • Some funds had remained unspent for large periods of time and ongoing monitoring was needed to ensure that they are spent before the agreements expire and are lost to the Council.

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
Development Management	Development	Final	6	Partial ▲	• Procedure notes are not UpToDate for the function. • Documentation including validation checklists and extensions of certificates were not always on file. • Decision notices were not issued within statutory timescales and did not all have evidence of extension of time certificates being agreed. • Face to face/facilitated training with the planning committee had not been carried out since 2019.
National Non-Domestic Rates (2021-22)	Finance	Final		Substantial ✓	
Council Tax (2021-22)	Finance	Final		Substantial ✓	
Payroll	HR	Final		Substantial ✓	
Leisure Contract Monitoring Arrangements	Operations	Final		Substantial ✓	

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
IT Health Check / IT Assurance / Vulnerability Scanning / Cyber Assurance Arrangements	Technology	Final		Substantial ✓	

Appendix 3

Audits in Progress

Audit	Head of Service
Housing Benefits	Finance
Procurement	Governance & Corporate Services
Building Control	Economic Development
Development Major Projects	Development
Streetscene	Operations
Agency Staff & Consultants	HR/Finance
Covid Business Grants	Finance
Wireless Network and Security	Technology
Critical Applications Security	Technology

Appendix 4

Follow-ups Completed since the last update.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Critical Information Systems Not Supported (2nd Follow-up)	Technology	Partial ▲	2	1	0	3	Partial ▲	The Technology Strategy has not been updated and reissued. The last Strategy covered the period up to 2021. Work is now in progress to update the IT Strategy.

Agenda Item 3(b)

Committee:	Audit and Accounts
Date of Meeting:	21 March 2023
Report of:	Chief Internal Auditor & Risk Manager
Contact Officer:	Stephen Baddeley
Telephone Number:	01543 464415
Ward Interest:	Nil
Report Track:	Audit and Accounts 21/03/2023 (Only)

Internal Audit Plan 2023-24

1   Purpose of Report

1.1   To present to the Audit and Accounts Committee the Internal Audit Plan for 2023-24

2   Recommendation

2.1   That the Committee approves the Internal Audit Plan for 2023-24; noting that this includes a small amount of work undertaken on behalf of Cannock Chase DC's Leisure provider which will bring in income which will be shared across both Councils.

3   Key Issues and Reasons for Recommendation

Key Issues

3.1   Internal Audit has a duty to provide the Council with an annual opinion on the effectiveness of its internal control environment and governance arrangements. The work of Internal Audit is also used as one of the sources of assurance for the Annual Governance Statement.

3.2   Internal Audit is required to produce a plan of work to ensure that it can give an appropriate opinion on the Council's key risk areas and systems and provide sufficient coverage to inform the Annual Governance Statement.

Reasons for Recommendations

3.3   The planned work is deemed to be sufficient to ensure that Internal Audit can deliver an appropriate opinion on the control environment and governance arrangements at the Council.

4   Relationship to Corporate Business Objectives

4.1   This report supports all of the Council's Corporate Priorities by helping to ensure that there are effective governance arrangements in place.

5   Report Detail

5.1   Internal Audit is an assurance function which primarily provides an independent and objective opinion to the Council on its governance arrangements and internal controls. The Internal Audit Section does this by conducting an independent appraisal of all the Council's activities, financial and otherwise. It provides a service to the whole of the Council and to all levels of management.

5.2   To provide this assurance Internal Audit conducts an annual risk assessment and determines an audit plan for the year. Meetings are held with Heads of Service and the Council's s151 Officer as part of the risk assessment process to obtain views and comments in relation to the composition of the Internal Audit Plan. Comments are also invited from the External Auditor.

Resources

5.3   The resource available for the delivery of the Audit Plan across both authorities in 2023-24 is 630 days; the full details are shown in **APPENDIX 1**. The In-house team is currently carrying a vacancy for a Senior Auditor post, which is being covered by External Support from a contractor.

5.4   The Internal Audit Section currently conducts work for Cannock Chase District Council's Leisure Contractor, IHL, to provide them with an Internal Audit function for in return for an agreed fee. It has been agreed that the Shared Service will provide 40 days of internal audit work and 5 management days. The fee is currently being split equally between Cannock Chase District Council and Stafford Borough Council in return for an equal reduction in audit days (20 days from each). The fee received for work in 2022-23 has been used to purchase an electronic working paper system to improve efficiency in the team which will go-live for the 2023-24 Audit Plan work.

5.5 The resources can be broken down into:

Allocation of Resources to Audit Plan Requirements

Audits covering both Councils	425
SBC only Audits	40
CCDC only Audits	80
IT Audit Plan	60
IHL Audit Plan	45
Total Days	**650**
Audits covering both Councils	**425**

5.6 The resources available for the year are considered sufficient to cover enough work to adequately inform the Annual Audit Opinion for 2023-24.

Annual Audit Plan

5.7 Normally, a full review of the "Audit Universe" would take place and be presented to Committee setting out all the possible areas for review and the risk scores determined for 2023-24. However a full review of the Audit Universe has not been undertaken this year due to the major Shared Service Project that is being embarked upon. Instead the main risks being faced by the Council have been identified and this has been used to inform the audit plan. This has led to the focus of work for the year being based around:

(i) the creation of a shared workforce for most Council services and a new management structure to deliver this;

(ii) the strategic risk areas;

(iii) major projects; and

(iv) key financial systems.

5.8 The plan has been prepared and is attached as **APPENDIX 2.** As most services are being delivered as Shared Services from 1 April 2023 we have designed the Audit Plan to show if the audit will cover both Councils provision or just one. Whilst the intention is to deliver an equal amount of work for each Council there are some areas such as major regeneration projects where the audit work will be focused on just one Council. There will be a different in the days with CCDC only work being slightly higher due Cannock Chase retaining its Housing Stock and that work is funded from the Housing Revenue Account.

5.9 The Plan is being reported against the new Senior Management structure which takes effect from the 1 April 2023.

5.10 An IT Audit Plan has not yet been produced. It is a number of years since we conducted a full Audit Needs Assessment to inform the IT Audit Plan and we will commission this piece of work early in 2023-24 to inform the IT Audit Plan and we will present the Plan to a meeting of the Committee later in the year.

6   Implications

6.1   Financial

None

6.2   Legal

None

6.3   Human Resources

None

6.4   Human Rights Act

None

6.5   Data Protection

None

6.7   Risk Management

None

6.8   Community Impact Assessment Recommendations

Impact on Public Sector Equality Duty:

None

Wider Community Impact:

None

7   Previous Consideration

None

8   Background Papers

File of working papers held by the Chief Internal Auditor and Risk Manager

APPENDIX 1: Available Audit Resources 2023-24

APPENDIX 2: Internal Audit Plan 2023-24

Appendix 1

Committee: Audit and Accounts

Date of Meeting: 21 March 2023

Internal Audit Plan for 2023-24

Available Audit Resources 2023-24

	General Audit Total	IT Audit Support	Total Days
Staffing of the Team (Excludes Chief Internal Auditor)	**3**		
In House Total Days	**783**		**783**
External Support	150	60	**210**
Days Available	**933**	**60**	**993**
Less Non-Operational (leave, training etc)	207		**207**
Chargeable Days	**726**	**60**	**786**
Chargeable Work			
Fraud	8		**8**
Advice, Consultancy	23		**23**
Contingency Budget	90		**90**
Follow-ups	15		**15**
Audits	**590**	**60**	**650**
Chargeable Days	**726**	**60**	**786**

Allocation of Resources to Audit Plan Requirements

Appendix 2

Committee: Audit and Accounts

Date of Meeting: 21 March 2023

Internal Audit Plan for 2023-24

Internal Audit Plan for 2023-24

Audit Area	Description	Days	Head of Service	CCDC	SBC
Housing Benefits	A review of the processes and procedures for the operation of the Housing Benefits Function.	25	DCE - Resources	Y	Y
Council Tax	A review of the processes and procedures for the operation of the of the Council Tax function	20	DCE - Resources	Y	Y
National Non-Domestic Rates	A review of the processes and procedures for the operation of the National Non-Domestic Rates function.	20	DCE - Resources	Y	Y
General Ledger	A review of the processes and procedures for the operation of the General Ledger	20	DCE - Resources	Y	Y
Bank Reconciliation	A review of the processes and procedures for the reconciliation of income and expenditure to Council Bank Accounts	20	DCE - Resources	Y	Y
Treasury Management	A review of the processes and procedures for the operation of the Council's Treasury Management functions	20	DCE - Resources	Y	Y
Council Tax Reduction Scheme	A review of the process for the development of the scheme and its amendments/approval. Awards are reviewed as part of the Housing Benefit Audit.	15	DCE - Resources	Y	Y
Economic Regeneration Projects	A review of major economic regeneration projects including Future High Streets, Garden Community, Station Gateway	25	Economic Development and Planning		Y
Levelling-Up Project/Town Centre Redevelopment	A review of the Levelling-up Fund projects covering Town Centre redevelopment and Civic Hub Project	20	Economic Development and Planning	Y	
S106 Agreements and Community Infrastructure Levy	A review of the processes and procedures for the operation of the Council's s106 and Community Infrastructure Levy arrangements	10	Economic Development and Planning	Y	
Land Charges Transfer to Land Registry Project	To review the project management arrangements and work being carried out to implement the transfer of searches to the Land Registry.	10	Regulatory	Y	Y

Audit Area	Description	Days	Head of Service	CCDC	SBC
Shared Prosperity Fund	A review of the setting up of the Shared Prosperity Funds at each Council and processes for the award of grants for projects	20	Economic Development and Planning	Y	Y
New Social Housing Builds	A review of the new social housing build projects currently in operation.	10	Housing HRA and Corporate Assets	Y	
Stores	A review of the CCDC Stores function at Hawks Green Depot	10	Housing HRA and Corporate Assets	Y	
Sheltered Housing Schemes	A review of the processes and procedures for the operation of the Council's Sheltered Housing Schemes.	10	Housing HRA and Corporate Assets	Y	
Leaseholder Management and Sale of Council Houses	A review of the processes and procedures for the operation of the Council's Leasehold flats and Right-to-Buy scheme.	10	Housing HRA and Corporate Assets	Y	
Landscape/Leisure Projects	A review of the Council's projects for landscaping and leisure including parks and play-areas.	25	Operations	Y	Y
Car Parking	A review of the processes and procedures for the operation of the Council's Car Parking functions.	20	Operations	Y	Y
Garden Waste Project	A review of the implementation of a charging system for the collection of Garden Waste at CCDC.	10	Operations	Y	
SBC Income Collection/Recording System	A review of the new system introduced for the recording of cash income at SBC sites (Markets, Glover Street etc)	5	Operations		Y
Bereavement Services	A review of the processes and procedures for the operation of the Council's Bereavement Services arrangements covering cemeteries and the crematoria.	20	Operations	Y	Y
Closed Churchyards	A review of the processes and procedures for the operation of the Council's management of Closed Churchyards.	20	Operations	Y	Y
Pest and Dog Control	A review of the processes and procedures for the operation of the Council's Pest and Dog Control functions.	10	Operations	Y	Y
Environmental Protection and Pollution Control	A review of the processes and procedures for the operation of the Council's responsibilities for Environmental Protection and Pollution Control	20	Regulatory Services	Y	Y
Climate Change	A review of the processes and procedures for the Council's Climate Change responsibilities and action plans	20	Regulatory Services	Y	Y
Shared Service Organisational Implementation and Transformation	A review of the overarching Shared Services project including review the specific overarching processes and arrangements established at a corporate level.	30	Transformation	Y	Y

Audit Area	Description	Days	Head of Service	CCDC	SBC
Service Transformation Projects	Work to review the transformation projects being implemented at a Service/departmental level.	10	Transformation	Y	Y
Payroll	A review of the processes and procedures for the operation of the Council's Payroll functions.	20	Transformation	Y	Y
Risk Management	A review of the processes and procedures for the operation of the Council's Risk Management arrangements.	15	Transformation	Y	Y
Replacement Customer Relationship Management System Project	A review of the project to introduce a replacement Customer Relationship Management System	10	Transformation	Y	Y
Leisure Contract Management	A review of the contract management arrangements for the Council's Leisure Contract.	10	Wellbeing		Y
Disabled Facilities Grants	A review of the Disabled Facilities Grants process including the in-sourcing of the processing at SBC and sign-off of the Assurance Statements for both Councils required by Staffordshire County Council.	15	Wellbeing	Y	Y
Homelessness and Housing Advice	A review of the processes and procedures for the operation of the Council's Homelessness and Housing Advice functions.	20	Wellbeing	Y	Y
		545			

Summary of Days by Head of Service

Head of Service	Days
DCE - Resources	140
Economic Development and Planning	75
Housing HRA and Corporate Assets	40
Operations	110
Regulatory Services	50
Transformation	85
Wellbeing	45
Total	**545**