Stafford
BOROUGH COUNCIL

Civic Centre, Riverside, Stafford

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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 19 March 2024 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 Governance

AUDIT AND ACCOUNTS COMMITTEE

19 MARCH 2024

Chair - Councillor M G Dodson

AGENDA

1   Minutes of 13 February 2024 as circulated and published on 15 February 2024.

2   Apologies

3   Officers' Reports

Chair - Councillor M G Dodson

M G Dodson	A M Loughran
R A James	A R McNaughton
P A Leason	D P Rouxel

Agenda Item 3(a)

Internal Audit Update - February 2024

Committee: Audit and Accounts Committee

Date of Meeting: 19 March 2024

Report of: Chief Internal Auditor & Risk Manager

Portfolio: Resources Portfolio

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 29 February 2024

2 Recommendation

2.1 That Committee note the progress report.

Reasons for Recommendations

2.2 The Audit and Accounts Committee have responsibility for monitoring the work of Internal Audit.

3 Key Issues

3.1 Attached is a progress report showing the audits which have been issued between 1 November 2023 and 29 February 2024.

4 Relationship to Corporate Priorities

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 November 2023 and 29 February 2024 and is a report of progress against the audit plan. **APPENDIX 1** contains progress monitoring information for the year to date.

5.2   As reported in the last update to the Committee the Audit Plan has been impacted by a member of staff leaving the team. A revised audit plan was approved by the committee in February 2024. Progress is reported against both the original and revised plan foe Members information. Some audits in the figures were originally on the 2022-23 Audit Plan but not completed in that year and this is the reason why the percentage completion of the plan figures look odd.

5.3   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.

5.4   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 2**.

Number of Audits	Assurance	Definition
4	**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.
5	**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.
5	**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.

5.5   **APPENDIX 3** lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.

5.6   **APPENDIX 4** shows information relating to follow-ups.

6   Implications

6.1   Financial

Nil

6.2   Legal

Nil

6.3   Human Resources

Nil

6.4   Risk Management

Nil

6.5   Equalities and Diversity

Nil

6.6   Health

Nil

6.7   Climate Change

Nil

7   Appendices

Appendix 1: Progress Monitoring

Appendix 2: Audits Completed 1 November 2023 to 29 February 2024

Appendix 3: Audits in Progress

Appendix 4: Follow-ups Completed 1 November 2023 to 29 February 2024

8   Previous Consideration

None

9   Background Papers

None

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464415

Ward Interest: None

Report Track: Audit and Accounts Committee 19 March 2024 (Only)

Key Decision: No

Appendix 1

Progress Monitoring

	Number of Audits in Plan for 2023-24	Audits Completed to Draft	Audits In Progress	Percentage of Plan In Progress or Completed to Date
Original Plan	26	24	4	107.7%
Revised Plan	23	24	4	121.7%

The figures include 4 completed audits and 1 in progress audit from the 2022-23 Audit Plan

Level of Assurance	No Assurance	Limited	Partial	Substantial
Number of Audits Issued in Year to date	0	6	7	11

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.

Audits Completed 1 November 2023 to 29 February 2024

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
Property Management and Rentals	Housing and Corporate Assets	Final	7	Limited !	The main issues identified relate to: • the lack of clarity and overall oversight of commercial rental properties including discrepancies between the lists held by departments. • Lack of formalised programmed inspections of commercial property • Absence of a centralised record pulling all asset information together.
Pest and Dog Control	Operations	Draft	5	Limited !	Issues identified relate to: • Lack of a fee policy/income model and refunds process. • Out of date SLAs between CCDC and SBC • Lack of Key Performance Indictors for the service

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
Environmental Protection and Pollution Control	Regulatory Services	Final	9	Limited !	A number of issues were identified in relation to the this area including: • There were no documented current procedures for carrying out inspections, issuing permits to ensure statutory guidance was complied with. • There was no documented risk assessment process or retention of risk assessments on properties to determine the banding for inspection frequency. • Not all premise inspections had been completed in line with the required timescales and there was no overarching inspection plan • It was not possible to locate copies of all inspection reports in hard and soft copy which means that the Public Register of Inspections was not complete. • It was found that the department were not able to monitor the receipt of income for permits and needed to improve liaison with Finance.

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
Climate Change	Regulatory Services	Draft	6	Limited !	The key issues for this audit are: • There is an action plan, but this is not costed and no carbon saving estimates are included against the actions. • There is no detailed plan to show how the actions will be delivered within existing budgets and resources. • Not all actions were clearly defined and were not SMART Actions (Specific, Measurable, Achievable, Realistic and Time Bound) • There is a Climate Change Working Group, but this has not met for a long time • There is no link to climate change action in the Council's Procurement Processes.
Payroll	Transformation and Assurance	Draft	9	Limited !	The Key issues for this audit are: • It was found that some Payroll users had been given access to HR functions which were not required for their roles and compromised separation of duties • There was no record/assessment of roles and their access needs • There were inconsistent processes and documentation across the two Councils which hampered resilience in the team.

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
Risk Management	Transformation and Assurance	Draft	5	Partial ▲	The key issues relating to this audit are: • The review and update of the Risk Management Framework needed to be completed as the 2016 Framework was no longer effective. • Formal Training on risk management had not been provided to managers for a significant time. • There was a need to develop risk registers below the Strategic Risk Register to support Operational Management
Replacement Customer Relationship Management System Project	Transformation and Assurance	Final	2	Partial ▲	The key issues relating to this audit are: • There was a need for formal minutes of Board Meetings • A risk register is needed in the corporate format.
IT Resilience (IT Audit)	Transformation and Assurance	Final	4	Partial ▲	The key issues relating to the audit are: • There is a need to document a full Business Impact Assessment on all IT systems • Recovery Plans should be tested including data restoration. • Actions taken on receipt of notifications for Back-up failures are not recorded.

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
Remote Working (IT Audit)	Transformation and Assurance	Final	6	Partial ▲	The key areas for this audit are: • There was a need to agree and document service level agreements for helpdesk calls • Calls should be monitored for trends relating to remote working issues • Lost/Stolen Asset reporting needs to comply with Financial Regulations • Leavers forms need to be updated to capture all equipment used for home working by the employee.
Office 365 (IT Audit)	Transformation and Assurance	Draft	4	Partial ▲	The key areas for this audit are: • There is a need to review and update a number of policies to reflect the use of Office365. • Policy review dates should be recorded, and policies have version control information added.
Housing Benefits	DCE (Resources)	Final	0	Substantial ✓	
Council Tax	DCE (Resources)	Final	0	Substantial ✓	
National Non-Domestic Rates	DCE (Resources)	Final	0	Substantial ✓	
Disabled Facilities Grants	Wellbeing	Final	0	Substantial ✓	

Appendix 3

Audits in Progress

Audit	Head of Service
Car Parking	Operations
Bereavement Services	Operations
S106 Agreements and Projects	Economic Development and Planning
Capital Programme	DCE (Resources)

Appendix 4

Follow-ups Completed 1 April to 31 October

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
S106 Monitoring and Delivery	Economic Development and Planning	Partial ▲	1	3	0	4	Partial ▲	Limited progress had been made in relation to the agreed actions at the follow-up. Rather than carry out a further follow-up a full audit has been agreed and will be reported shortly to allow detailed testing of the process to be completed.
Streetscene	Operations	Partial ▲	4	6	0	10	Partial ▲	• Work was still required to review Sweeping and Mowing Routes although Litter bin routes have been reviewed. • Health and Safety risk assessments and method statements still need to be reviewed. • Structures need to be finalised to ensure the service is able to cover the 7 day week in line with working time regulations to reduce excessive overtime. • Work is still needed to retender the vehicle and equipment maintenance contracts. • A review of costings for commercial works is still required. • Legal still need to be consulted on if the current letters of intent are adequate or if more formal agreements are required.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Document Retention and IT Records	Transformation and Assurance	Partial ▲	0	3	1	4	Partial ▲	• No action is being proposed in relation to the implementation of a protective marking solution for Council Documents.No progress has been made in arranging stakeholder meetings . • Work has started but not been completed on retention/deletion policies for emails and MS Teams.
Cyber and Network Security (2nd Follow-up)	Transformation and Assurance	Partial ▲	0	1	0	1	Partial ▲	• The Cyber Security Group has still not met to determine what actions to take against users who have not completed the Cyber Security Training
IT Third Party Supplier Management and External Data Sharing (2nd Follow-up)	Transformation and Assurance	Partial ▲	2	2	0	2	Substantial ✓	

Agenda Item 3(b)

Internal Audit Plan - 2024-25

Committee: Audit and Accounts Committee

Date of Meeting: 19 March 2024

Report of: Chief Internal Auditor & Risk Manager

Portfolio: Resources Portfolio

1   Purpose of Report

1.1   To present to the Audit and Accounts Committee the Internal Audit Plan methodology for 2024-25.

2   Recommendations

2.1   That Committee approve the Internal Audit Plan methodology for 2024-25; 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.

Reasons for Recommendations

2.1   Due to the focus of Internal Audit work potentially changing through the year and uncertainty about the level of resources available with the current recruitment exercise it has been deemed appropriate to only plan on a quarterly basis not for a full year for 2024-25. This will allow flexibility to focus audit work on the highest risk areas through the year and be responsive to changes as they materialise. It will also allow for additional consultancy work to be undertaken by the team to assist in the delivery of the VFM improvement plan.

2.2   The planned time allocated to audit work across the year is deemed to be sufficient to ensure that Chief Internal Auditor will be able to deliver an appropriate opinion on the control environment and governance arrangements at the Council.

3   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.

4   Relationship to Corporate Priorities

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.

Resources

5.3   The resource available for the delivery of the Internal Audit Plan across both authorities in 2024-25 is estimated to be 482 days for general audit work plus an additional 60 days for IT Audit work; the full details are shown in **APPENDIX 1**. The In-house team is carrying a vacancy for a Senior Auditor post, which is currently out to advertisement; it is hoped this will lead to successful appointment early in the year. The Auditor post is also vacant, and this is being covered through the use of an external 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 supply 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 and 2023-24 has been used to purchase and implement an electronic working paper system to improve efficiency in the team. This went 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	322
SBC only Audits	40
CCDC only Audits	80
IT Audit Plan	60
IHL Audit Plan	40
Total Days	542

Time allocated to CCDC only audits is proportionally
larger than SBC only audit due to the Housing functions.

5.6   The resources available for the year are considered sufficient to cover enough
work to adequately inform the Annual Audit Opinion for 2024-25

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 2024-25. However a full review of the Audit
Universe has not been undertaken this year due to the issuing of Statutory
Recommendations for both Councils in the VFM reports for which
Improvement Plans were approved by Cabinet and Full Council in March
2024.

5.8   We are not presenting a full year's audit plan for 2025 we are instead
proposing to adapt a more flexible approach so that we can be more
responsive to a number of factors including:

- Shared Service transformation work
- Senior Management restructure
- Work relating to the delivery of the VFM Improvement Plans
- Capacity issues in the team
- New External Auditor's and any additional requirements from them on the
Internal Audit Team
- Delivery of a number of high-profile major projects

5.9   The methodology proposed is that the Chief Internal Auditor in consultation
with the Deputy Chief Executive Resources and s151 Officer and the Head of
Transformation and Assurance will compile an indicative work plan for each
quarter alongside a higher level outline plan listing of areas for potential
review later in the year which will be informed by information and requests
from managers.

5.10   The quarterly plan will be derived from discussions with Leadership Team and
other relevant Managers as well as awareness of work being carried out on
the Corporate Improvement Plans and Major Projects. Where necessary the
plan will be flexible and be revised and updated within each quarter to focus
on the highest risk areas and emerging issues.

5.11   The Audit Committee will receive updates on the indicative list of audits for each quarter and progress on the delivery of audit work throughout the year.

5.12   Work this year will focus on three main areas:

(i)   the completion of the Corporate Improvement Plans to deliver the recommendation contained in the VFM Reports;

(ii)   major projects;

(iii)   key financial systems.

5.13   Any additional time will be spent on operational areas deemed to be higher risk or where low assurances have previously been provided by Internal Audit.

5.14   A table setting out the key areas for audit work which have already been identified and how they relate to each Council grouped to align with corporate objectives is set out **in APPENDIX 2.**

5.15   An IT Audit Plan has not yet been produced. Discussions will take place with the IT Audit Contractor, the Chief Technology Officer and the Chief Internal Auditor and Risk Manager to determine an IT Audit Plan for the year which will be reported to Audit Committee separately.

6   Implications

6.1   Financial

None

6.2   Legal

None

6.3   Human Resources

None

6.4   Risk Management

None

6.5   Equalities and Diversity

None

6.6   Health

None

6.7   Climate Change

None

7   Appendices

APPENDIX 1: Available Audit Resources 2024-25

APPENDIX 2: Internal Audit Plan Areas - 2024-25

8   Previous Consideration

None

9   Background Papers

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

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464415

Report Track: Audit and Accounts Committee 19 March 2024 (Only)

Key Decision: N/A

Appendix 1

Internal Audit Plan 2024-25

Estimated Available Audit Resources 2024-25

	General Audit Total	IT Audit Support	Total Days
Staffing of the Team (Excludes Chief Internal Auditor)	**3**		
In House Total Days	**653**		**653**
External Support	150	60	**210**
Days Available	**803**	**60**	**863**
Less Non-Operational (leave, training etc)	193		**193**
Chargeable Days	**610**	**60**	**670**
Chargeable Work			
NFI	8		**8**
Advice, Consultancy	60		**60**
Contingency Budget	45		**45**
Follow-ups	15		**15**
Audits	**482**	**60**	**542**
Chargeable Days	**610**	**60**	**670**

Internal Audit Plan 2024-25

Audit Plan Outline Areas - 2024-25

The Economy

Shared Areas	CCDC	SBC
CCDC Levelling Up Scheme	Y	
SBC - Regeneration Schemes (Future High Streets/Levelling-up) • Guildhall Site • Coop Site • Station Gateway		Y
Development Management	Y	Y

Health and Wellbeing

Audit Area	CCDC	SBC
Housing VFM Actions • Compliance • Planned Works • Asset Management	Y	
Housing Areas • Stores • Responsive Repairs • Voids • Gas Contract (Q2)	Y	
Homelessness and Housing Advice (Deferred 2023-24)	Y	Y
Leisure new Performance/Contract Monitoring Arrangements		Y

Community, Environment and Climate Change

Audit Area	CCDC	SBC
Chargeable Waste System and Controls	Y	
Tree Management	Y	Y
Building Control - new arrangements	Y	Y
Land Charges Transfer and New System	Y	Y

The Council

Audit Area	CCDC	SBC
Key Systems (for Q3/4) • HB (In house) • Council Tax • NNDR • Payroll	Y	Y
Corporate VFM Actions • Finance Processes • Assurance Functions • Fraud • Asset Management	Y	Y
New Customer Relationship System (GOSS)	Y	Y
HR • Recruitment and Selection • Managing Absence	Y	Y
Data Quality Arrangements	Y	Y
Finance • General Ledger Review • New finance System Implementation Lessons Learnt • Bank Reconciliation (Deferred 2023-24) • Purchasing Cards	Y	Y

IT Plan Potential Areas for Review

• New Customer Relationship System (GOSS) IT Controls