

Bath & North East Somerset Council		
MEETING:	Corporate Audit Committee	
MEETING DATE:	15th December 2021	AGENDA ITEM NUMBER
TITLE:	Internal Audit – Update Report	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 - Audit Reviews Position Statement (2021/22)		

1 THE ISSUE

- 1.1 This report is to provide an update on the work of the Internal Audit team and progress made in delivering the Annual Audit Assurance Plan 2021/22 which was presented and approved by the Committee on 29th April 2021. This provides a further update on the report presented to the 23rd September 2021 meeting.

2 RECOMMENDATION

- 2.1 The Corporate Audit Committee notes the progress in delivery of the 2021/22 Annual Audit Assurance Plan.
- 2.2 The Corporate Audit Committee requests the attendance of the Chief Operating Officer and other Officers to a meeting of the Committee in early 2022 to provide an update report on progress related to implementation of recommendations in response to the weaknesses highlighted by the 2021 Property Compliance Audit.

3 THE REPORT

- 3.1 The Annual Internal Audit Plan for 2021/22 was presented to the Corporate Audit Committee on the 29th April 2021. Previously we have provided a half year report in October / November, however this year we provided a position statement report at the 23rd September meeting and we are now providing another update.

3.2 INTERNAL AUDIT WORK UPDATE

2020/21 Internal Audit Plan Work Carried Forward

3.2.1 Since the 23rd September report we can now advise you that all seven 2020/21 Audit Reviews carried forward into 2021/22 have now been completed. The last of the 2020/21 audit reviews to be finalised was IT Audit – Laptop Secure Configuration which resulted in a Level 4 Assurance rating. This audit review was an example where we have to respond to changes in the risk environment and make changes to the Audit Plan. The Internal Audit Team originally intended to carry out an IT Audit of Configuration Management – Servers and Endpoints. With the start of the Covid-19 pandemic there was a need for effective and secure remote working solutions. Supplying laptops to all users was a significant change to the Council's technology strategy. Switching from virtual desktops hosted on servers behind the corporate firewall to widely distributed 'thick client' devices outside the firewall and using a VPN to connect through the firewall to the Council's IT services and systems. Configuration of the laptop fleet was therefore the first line of defence in the Council's cyber security stance. We therefore amended our Audit Plan and replaced the Servers review with a review the configuration trialled with the first 8 loan laptops provided by HP. Our 'Reasonable Assurance' opinion was based on discussions with IT staff and our opinion allowed for uncertainty arising from development and change in the configuration options and process as the laptop delivery project continued. Although the Audit Report for the first configuration review was only finalised in September 2021 our IT Auditors were liaising with colleagues in the IT Service since February 2021.

As the rollout of laptops has increased there is a need to continue to scrutinise this area of IT risk and therefore another laptop configuration audit review was included within the 2021/22 Audit Plan. This audit is currently on-going.

Audit Heading	Status	Assurance Level
Waste Collections - Income	Final	3
Revenue Estate - Service Charges and Tenant Management Relations	Final	2
Waste - Transfer Station - Weighbridge	Final	3
IT Audit - Laptop Secure Configuration Management	Final	4
IT Audit - Electronic Service Delivery - Revenue & Benefits	Final	4
IT Audit - Helpdesk – Incident and Problem Management	Final	4
Housing Benefits Processing Claims (& Overpayments)	Final	4

2021/22 Internal Audit Plan Work

3.2.2 In terms of the 2021/22 Internal Audit Plan it recorded 36 areas to audit and provide assurance to the Audit Committee and Council. Appendix 1 records progress to the 19th November 2021.

3.2.5 Ten of the areas for audit have got to report stage and another 9 audits are recorded as 'Work-In Progress'. In addition to that we have contacted management and agreed scope and start dates for another 3 reviews.

3.2.6 For the ten reported audits, eight were 'Assurance Reports' – six were assigned a Level 4 'Substantial Assurance' rating and the remaining two audit reports were assigned a Level 3 'Reasonable Assurance' rating. Therefore, year to date there have not been any Level 1 & 2 reviews (No or limited Assurance) which require reporting to the Committee.

3.2.7 As previously reported in September 2021 we have been spending considerable time on reviewing the administration of Covid-19 Government Funding (7 audit reviews in total). As at 19th November 2021 we had reported on 4 of these areas and all were assigned a Level 4 'Substantial Assurance' rating.

- 1) Covid19 - Adult Social Care Grant Funding Management
- 2) Covid19 - Supplier Relief - Adult Social Care Providers
- 3) Covid19 - DWP Winter Support Grants
- 4) Covid19 - Emergency Assistance Grant for Food and Essential Supplies

3.2.8 By the time of the meeting of the Corporate Audit Committee on 15th December it is hoped a verbal update can be provided on the findings of the 3 remaining grants subject to review:

- 1) Covid19 - Restrictions - Business Grants
- 2) Covid19 - Contain Outbreak Funding
- 3) Covid19 - Next Steps Accommodation Short & Long Term

3.2.9 In addition to audit reviews recorded in the approved Internal Audit Plan the Internal Audit Team has carried out other work:

- a) Grant Certification Work – During April to June the Internal Audit team is required to carry out a significant amount of grant certification work. Twenty-one grant certification reviews taking up in excess of 41 audit days. This generally related to funding received from WECA and government departments.
- b) Co-ordinating the work related to the National Fraud Initiative. This consists of directly reviewing matched data records and also liaising with Officers within services who have been tasked with reviewing data matching reports provided by the Cabinet Office.
- c) Follow-Up of previous years Audit Report recommendations (see 3.2.10 -13).

d) Responding to reports of financial irregularity which require advice/ investigation (as reported to Committee in September).

e) Continuing to support Adult Social Care Grant Funding – secondment of a member of the team to manage the receipt and payment of grant funding to care providers and the completion of associated government returns.

Follow-Up of Audits

3.2.10 In September we reported that the Internal Audit team had carried out 10 Audit 'Follow-Ups'. Since that report another 6 'Follow-Ups' have been completed and 2 audits (Property Compliance & Integrated Care Records) continue to be subject to 'follow-up' activity to ensure sufficient action has been taken to manage the internal control risks identified and reported (see table below).

Audit Report	Reported Assurance Level	Summary of Follow-Up findings
19-004B Integrated Care Records – Project Governance	2 Limited Assurance	Amber - Implementation of recommendations delayed – Follow-Up rescheduled for Jan to March 2022
19-029B Safer Recruitment	2 Limited Assurance	Green - All 6 recommendations implemented
19-035B CCTV Business Operation	2 Limited Assurance	Green - All 10 recommendations implemented
20-004B Property Compliance	2 Limited Assurance	Amber - Progress update provided by Council's Chief Operating Officer (see 3.2.11 below)
20-010B Avon Pension Fund - Altair	4 Substantial Assurance	Green - Of 5 Medium Risk recommendations - 4 implemented and a software change request has been sent to the vendor – pending.
20-012B 16+ Accommodation Support	4 Substantial Assurance	Green - All 6 recommendations implemented
20-026B IT – Idox Contract Management	2 Limited Assurance	Green - All 7 recommendations implemented
20-032B Schools VAT Assurance	Briefing Paper but included recommendations	Green - Single recommendation implemented

3.2.11 Members of the Committee will be aware that the Council's Chief Operating Officer attended the 29th April 2021. At that meeting Mandy Bishop (MB) stated that following the 2020/21 Audit, terms of reference for the Health, Safety and Well-being Committee had been redrafted, compliance duties were being reviewed, building surveyor work was planned to address data input weaknesses. MB informed the Committee of the appointment of an Interim Head of Property Transformation (Alan McCarthy) to assist with implementing the action plan.

3.2.12 On 28th October 2021 MB provided a further update based on consultation with the new Director of Place Management who now has responsibility (based on the recent senior management restructure) for Construction, Maintenance & Facilities Management (CM&FM). In terms of the three 'High' Risk Weaknesses progress is summarised in the table below:

	Weakness Summary & Mitigation	Implementation Progress
H1	<p>Governance – Lack of clarity relating to role and responsibility of groups providing Scrutiny of Property Compliance.</p> <p>Formal Terms of Reference (ToFR) should be documented and adopted by both Property Board and the Health Safety & Welfare Steering Committee</p>	Green - The TOR have been amended for the HWB Steering Group & Property Board to reflect feedback from IA.
H2	<p>Governance - Inadequate reporting to management/groups (Health Safety Wellbeing Steering Committee & Property Board) on Property Compliance responsibilities.</p> <p>Development & use of performance dashboard to monitor:</p> <ol style="list-style-type: none"> 1) an overall assessment for each area of property compliance area. 2) A detailed analysis of risks within each area of property compliance. 	Amber - Whilst the dashboard will take some time to pull together (due to the multitude of data sets) we have put in place additional measures to ensure that senior management and the HSWB Steering Cttee are well sighted on the current gaps in compliance.
H3	<p>Failure to formally assign responsibilities to qualified Officer(s) and the relevant responsible officer (Chief Executive) is not provided with assurance that the Officer assigned the duty is professionally qualified (as required by industry adopted best practice).</p> <p>An annual Property Compliance Report should be submitted to Property Board / Health & Safety Wellbeing Steering Committee recording the named responsible officer(s) for those property compliance areas requiring a 'responsible officer'.</p>	<p>Amber - The Head of Estates has been confirmed as the Chief Property Officer.</p> <p>In the 21st October 2021 report to HSW Steering Committee an appendix was presented recording the lead officer for key areas / duties in the Construction / Maintenance Service – the majority including Asbestos, gas appliances, electrical safety & water management was assigned to a Senior Building Officer. A Fire Safety Officer is still to be appointed based on an unsuccessful recruitment process.</p>

- 3.2.13 It's proposed that the Chief Operating Officer, the Director of Place Management and key officers within CM&FM are invited back to a future meeting of Corporate Audit Committee in 2022 to provide a further update on all the Property Compliance Weaknesses / Recommendations.

4 STATUTORY CONSIDERATIONS

- 4.1 There are no specific statutory considerations related to this report. Accounts & Audit Regulations set out the expectations of provision of an Internal Audit service. This is supported by S151 of the Local Government Act and CIPFA Codes of Practice and the IIA professional standards for delivery of an adequate Internal Audit Service.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 There are no direct resource implications relevant to this report.

6 RISK MANAGEMENT

- 6.1 A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. Significant risks to the council arising from an ineffective Internal Audit Service include lack of internal control, failures of governance and weak risk management. Specific risks include supplementary External Audit Fees, undetected fraud and inadequate coverage of risks arising from COVID-19. Internal Audit assists the council in identifying risks, improvement areas and recommending good practice.
- 6.2 The Corporate Audit Committee has specific responsibility for ensuring the Council's Risk Management and Financial Governance framework is robust and effective.

7 EQUALITIES

- 7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 CLIMATE CHANGE

- 8.1 There are no direct climate change implications related to this report.

9 OTHER OPTIONS CONSIDERED

- 9.1 No other options to consider related to this report.

10 CONSULTATION

10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

Contact person	<i>Andy Cox (01225 477316) Jeff Wring (01225 477323)</i>
Background papers	<i>Reports to Corporate Audit Committee –23rd September 2021; 29th April 2021 - Internal Audit Plan - 2021/2022.</i>
Please contact the report author if you need to access this report in an alternative format	

Audit Reviews Position Statement (as at November 2021)
Appendix 1

Ref	Topic	Status	Assurance Level	Recommendations	
				Made	Agreed
21-001B	Covid19 - Restrictions - Business Grants	WIP			
21-002B	Covid19 - Adult Social Care Grant Funding Management	Final	4	4	4
21-003B	Covid19 - Supplier Relief - Adult Social Care Providers	Final	4	2	2
21-004B	Covid19 - Contain Outbreak Funding	WIP			
21-005B	Covid19 - Next Steps Accommodation Short & Long Term	WIP			
21-006B	Clean Air Zone (Income & Interfaces)	WIP			
21-007B	Covid19 - DWP Winter Support Grants	Final	4	1	1
21-008B	Covid19 - Emergency Assistance Grant for Food and Essential Supplies	Final	4	1	1
21-009B	In-Year Budget Management & Forecasting	Not Started			
21-010B	Property - Revenue Estate - Debt Recovery & Write Offs	Not Started			
21-011B	IT Audit - Secure Configuration (New laptops)	WIP			
21-012B	IT Audit - Cloud and Hosted Systems Management (iTrent)	Draft	3	6	TBA
21-013B	Highways Interventions & Drainage	Not Started			
21-014B	Joint Agency Panel (JAP)	Draft	Briefing	Paper	
21-015B	Climate & Nature Emergency - Response	WIP			
21-016B	IT Audit - Patch Management (Laptops)	WIP			
21-017B	Community Resource Centre & Extra Care Housing - (CRC Phase 2)	Draft	3	12	TBA
21-018B	Avon Pension Fund - Business Continuity	WIP			
21-019B	Property - Revenue Estate - Asset Utilisation	Not Started			
21-020B	Tenancy Fraud	Final	Briefing	Paper	
21-021B	Property - Revenue Estate - Management of Tenant Responsibilities (maintenance & structural alterations)	Not Started			
21-022B	Health Safety & Wellbeing - Managing the Risks	Not Started			
21-023B	Property - Revenue Estate - Property Acquisitions	Not Started			
21-024B	Avon Pension Fund - Pensions Governance COP 14	Not Started			
21-025B	Children Disabilities	Not Started			
21-026B	Property - Revenue Estate - Rent Reviews	Not started			
21-027B	Avon Pension Fund - Pensions Payroll	Final	4	5	5
21-028B	Avon Pension Fund - Digital Strategy Review	Not Started			
21-029B	Traffic Signals & Intelligent Network (Contract Management)	Final	4	5	5
21-030B	GLL Contract Management - Governance	Not Started			
21-031B	IT Audit - Incident Response Plan	WIP			
21-032B	IT Audit - IT Asset Management (Laptops)	Not Started			
21-033B	Governance - Decision Making	Not Started			
21-034B	IT Audit - Capacity and Availability	WIP			
21-035B	Alternative Learning	Not Started			
21-036B	Welfare Support	Not Started			