

# Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	25th September 2024	AGENDA ITEM NUMBER
TITLE:	Internal Audit – Update Report (Planned Work 2024/25)	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Appendix 1 - Audit Reviews Position Statement (2024/25)		
Appendix 2 – Follow-Up Reviews		

## 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 2024/25 which was presented and approved by the Committee on 1<sup>st</sup> May 2024.

## 2 RECOMMENDATION

2.1 The Corporate Audit Committee notes the progress in delivery of the 2024/25 Annual Audit Assurance Plan.

## 3 THE REPORT

3.1 The Annual Internal Audit Plan for 2024/25 was presented to the Corporate Audit Committee on the 1<sup>st</sup> May 2024.

### 3.2 INTERNAL AUDIT WORK UPDATE

#### 3.2.1 Internal Audit Plan – Half Year Review

3.2.2 This report summarises the work of the Internal Audit team during 2024/25 (to September 2024), this includes planned and unplanned reviews from the 2024/25 audit plan along with carried forward work from 2023/24 and associated work to support the internal control framework.

3.2.3 The 2024/25 Internal Audit Plan was approved in May 2024 and Appendix 1 records progress to 30<sup>th</sup> August 2024.

3.2.4 To support delivery of the plan we are pleased to report that in June / July we appointed an Auditor and a Senior Auditor. They started their employment with

the Council in August and September respectively and this provides the team with the resource capacity to fulfil the B&NES Internal Audit work plan.

**3.2.5 Audit Reviews in the 2023/24 Internal Audit Plan carried forward into 2024/25 (Audit Reports published in 2024/25)** - As at the date of reporting to the last Audit Committee (1<sup>st</sup> May 2024), one audit review was at draft reporting stage and five others were still 'work in progress'. All six have been completed with 1 at draft reporting stage. For information the Assurance Levels assigned for each are recorded below.

<b>Audit Review</b>	<b>Scope / Objective of Review</b>	<b>Assurance Level</b>
Housing Services - Management of Housing Rent & Charges	1) To ensure that charges are raised accurately and timely in respect of all agreed rent and associated service charges for all relevant housing schemes. 2) To ensure that all income is accurately recorded in Agresso to allow each scheme to be effectively reported and monitored. 3) To ensure that all debts are effectively monitored, controlled and recovered in accordance with the formally adopted systems and processes.	4 (Substantial)
Property Maintenance - Corporate & Commercial Estates	1) Ensure that programmed maintenance is carried out timely to protect property assets. 2) Ensure that Corporate and Commercial Estate properties are maintained through a programme of planned maintenance based on accurate / timely surveys and an assessment of risk. 3) Ensure fairness and transparency regarding the award of works and value for money is obtained. 4) Ensure that the condition of the Corporate and Commercial Estate property is monitored, and assurance reports are presented to individual responsible Officers and Groups / Committees (Officer & Member). 5) Ensure that property maintenance expenditure is monitored against approved budgets.	2 (Limited)
User Access Management - Starters,	1) Starters: To ensure timely network access is provided in line with officers' specific responsibilities and approved by an	3

Leavers (Council) and Post Changes	authorised individual/team. 2) Movers: To ensure network access rights are reprovisioned in line with new responsibilities where applicable and approved by an authorised individual/team. 3) Leavers: To ensure network access is revoked in a timely manner e.g., within 2 weeks of departure. Note – removal of network access includes removal of access to approved council applications.	(Reasonable)
Firewalls	1) To avoid unauthorised access and exploitation of systems and networks. 2) To avoid disruption of network and information systems operations. 3) To avoid theft and disclosure of data and information.	4 (Substantial)
Malware and Ransomware	1) To avoid disruption of network and information systems operations. 2) To avoid theft and disclosure of data and information. 3) To ensure that the organisation can recover from a malware or ransomware attack.	4 (Substantial)
Corporate Wi-Fi Networks	1) Wi-Fi networks are available and have sufficient capacity to cope with the organisation's demands. 2) Confidentiality and integrity of Wi-Fi network traffic is maintained.	Draft Report

3.2.6 The audit review of Property Maintenance- Corporate & Commercial Estates resulted in a Level 2 'limited' assurance rating being assigned. Further information about agreed actions to improve the internal control environment are recorded below.

3.2.7 Property Maintenance- Corporate & Commercial Estates actions included:

- 1) That the specification for the repairs and maintenance module for procurement of a dedicated property management IT application, should include requirements for sufficient tracking of repair jobs, job costing and pre /post inspection/feedback, reporting/performance analysis.
- 2) Condition surveys to be implemented and maintained for corporate property/assets.
- 3) That relevant supporting information for jobs be recorded – i.e. surveyor comments, contractors' quotations for work after inspection, agreement and any variations. The separate record keeping procedure should be an interim measure prior to the implementation of a property management IT application.

- 4) That feedback should be obtained for reactive repairs jobs carried out to provide assurance that the works are in accordance with that specified. This could be carried out on a sample basis by for example inspections being carried out by property surveyors or feedback from building users (either by written questionnaire or phone call). When a new property management IT application is implemented, automated questionnaires to be sent or direct online access by building users to request and capture feedback.
- 5) Due to limited segregation of duties between requesting works and processing payments the Support Services Manager should periodically check a sample of payments to the job requests to verify that the repair work is reasonable / legitimate.
- 6) That the Engineering Services Framework Contract be renegotiated as a priority.
- 7) The Term Service Contract – Maintenance of Fire & Security Installations be retendered to comply with Contract Standing Orders.

It should be noted that management have formally agreed to implement all the audit report recommendations by 30<sup>th</sup> March 2025.

**3.2.8 Internal Audit Plan Work 2024/25** - In relation to the 2024/25 planned work the following progress is to be noted –

**Planned Audit Reviews** - 7 core audit reviews are either at report stage or 'Work-In Progress'.

**Grant Certification Work** – The bulk of the grant expenditure review and certification is carried out during the month of April. 32 grant certification reviews have been completed up to the end of August 2024. This generally relates to external funding received from the West of England Combined Authority, with the one exception being the Historic England's grant allocation to the Midsomer Norton High Street Heritage Action Zone.

**Investigations, Whistleblowing & Unplanned Work** – Internal Audit have responded to two reports of 'financial irregularity' requiring advice/ investigation. The first was related to salary payments being made to an individual who was set up on the Council's payroll system as a new starter and received salary payments despite not actually starting their employment. The second case was related to fraudulent claims for Early Years Entitlement from a child carer. In addition to identifying the amount of the 'overpayments' and taking recovery action, work was carried out to identify the internal control failures and to implement actions to avoid a repeat.

**3.2.11** For the first 5 months of 2024/25, there have not been any whistleblowing cases reported to Internal Audit which have highlighted dangerous, illegal or unethical activity by Council Officers or Members that required investigation.

**3.2.12 Follow-Up Reviews** - The Internal Audit team have carried out 4 Audit 'Follow-Up' reviews to ensure sufficient action has been taken to manage the internal control risks identified and reported. The 'Follow-Ups are recorded in the table at Appendix 2 – a simple RAG rating has been used to indicate Internal Audit's assessment as at the date of the 'Follow-Up' activity.

The Chief Audit Executive is confident that planned 2024/25 audit work will be completed by the financial year end if the level of unplanned work remains low.

#### **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 and undetected fraud. 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.

<b>Contact person</b>	<i>Andy Cox (01225 477316)</i>
<b>Background papers</b>	<i>Reports to Corporate Audit Committee – 1st May 2024 'Internal Audit Plan 2024/25' and 'Annual Report of the Chief Audit Executive 2023/24'.</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	

**Audit Reviews Position Statement (as at 30<sup>th</sup> August 2024)**

**Appendix 1**

Ref	Topic	Status	Assurance Level	Recommendations	
				Made	Agreed
B24-001	Climate & Ecological Emergency Response - Performance Monitoring / Reporting	Final Report	3	5	5
B24-002	Learning Disabilities Pooled Budget - Governance	WIP			
B24-003	Financial Saving Plan - Monitoring & Delivery Review				
B24-004	Community Sub Contracted Services - Governance (ICB Lead)				
B24-005	DSG -Safety Valve - Programme Management (Mechanisms & Framework) (GT VFM)	Draft Report	4	3	
B24-006	IT - IT Services Recovery Management	WIP			
B24-007	IT - Liquidlogic EYES - Data Integrity Audits				
B24-008	IT - Penetration Testing - IT Healthcheck Remediation Plan				
B24-009	IT - Public Website Security				
B24-010	Car Parking - Emissions income charging	WIP			
B24-011	Supported Lodgings (Family Placement Team)				
B24-012	WECA Funding – Fashion Museum (Project Initiation / Resourcing & Funding)				
B24-013	Corporate Estate - Energy Management				
B24-014	Debt Management - Corporate Policy (Development of new policy)				
B24-015	Aequus Group - Financial Governance (Client Simon Martin) Aequus Decision Making links to Michael Hewitts framework				
B24-016	Homes for Ukraine – LA Housing Fund Grant (Dept of LUHC)				
B24-017	Creditor Payments - Supplier Set-Up & Duplicate Payments	WIP			
B24-018	Brokerage (Adults & Children)				
B24-019	Corporate Parent - Child Protection Independent Reviewing Officers				
B24-020	Car Parking - Park & Ride Contract				
B24-021	Fleet Management - Workshop Activity / Trading				
B24-022	Payroll (Variations - salary award / increment increases / mileage & expenses)	WIP			
B24-023	Contract Management - Reporting clause waiver (loss of legal rights)				
B24-024	Temporary Accommodation				
B24-025	Risk Management - Decision Making -adequacy of report risk management assessment				
B24-026	WECA bidding - Regeneration Schemes programme management (linked to B24-008 Fashion Museum)				

Audit Report	Reported Assurance Level	Summary of Follow-Up findings
<b>23-003B Workforce – Recruitment &amp; Retention</b>	3 (Reasonable Assurance)	x3 High Risk Recommendations and X2 Medium Risk Recommendations implemented by end of May 2024 apart from elements of recommendations which required specific training to be provided to HR staff. This training has been scheduled to be completed by end of October 2024.
<b>23-014B Care Leavers</b>	3 (Reasonable Assurance)	<p>x4 High Risk Recommendations – all have been substantially progressed, however, there were key actions to be completed.</p> <p>x3 Medium Risk Recommendations – 2 have been fully implemented and 1 has some remaining actions.</p> <p>The management responses to recommendations highlighted resourcing and capacity issues of providing PA support to care leavers. The IA response to this was that it was important for management to record the risks and actions within a service risk register to ensure management have on-going sight of the risk(s) and progress on implementing actions.</p> <p>The Director of Children’s Services and Education/DCS advised that the service risk register was to be updated with regards to care leaver risks.</p> <p>It was also noted through the management response that recruitment was underway to increase capacity to provide additional support to care leavers.</p>
<b>23-010B Planning Enforcement</b>	3 (Reasonable Assurance)	3 of the 9 medium risk weakness recommendations fully implemented, 3 were being implemented and 3 not implemented.



		The Head of Service was asked to monitor implementation of those recommended actions still outstanding through an email dated 14 <sup>th</sup> August 2024.
<b>23-025B Bankline - Treasury Management Investment and 'other Council Payment' Transactions</b>	4 (Substantial Assurance)	The single high risk weakness recommendation regarding segregation of duties had been implemented. 3 of the 4 medium risk recommendations have been implemented leaving just the recommendation relating to maintenance of the Treasury Management Risk Register. The responsible officer is awaiting receipt of the new risk register template to enable them to complete an updated version of the register.