



Internal Audit Progress Report (January–March 2021)

Report to Audit and Accounts Committee – 29th March 2021

Ward(s): All

Key Decision: No

Appendix 1 Audit Recommendations Current Position

Appendix 2 Information Governance Audit Summary Report

Appendix 3 Housing Benefit Overpayments Audit Summary Report

Appendix 4 Local Tax Billing & Administration Audit Summary Report

Appendix 5 Local Tax Recovery & Enforcement Audit Summary Report

1 Foreword

This report is to inform members of the Audit and Accounts Committee of the work completed by the Internal Audit Team during the period January to March 2021 and the current position with all audit recommendations.

Recommendation to the committee:

- That the contents of the report are noted

2 Background, corporate objectives and priorities

- 2.1 Internal Audit's primary objective is to "Provide an efficient, risk based independent, objective assurance and consulting service designed to add value and improve the council's operations whilst ensuring effective risk management, control and governance processes are in place".

(Taken from the Corporate Services Directorate Service Plan 2020-24)

- 2.2 The annual audit plan for 2020/21 was approved by the Audit and Accounts Committee on 29th June 2020 due to the cancellation of the March Committee following the Covid-19 outbreak and will assist the Chief Internal Auditor in providing an annual opinion on the effectiveness of the council's risk management, control and governance processes.

3 Glossary of Terms

3.1 Audit Levels of Assurance

Each audit report provides an opinion as to the adequacy of the control environment for the processes reviewed. The levels of assurance that can be given are:

Full Assurance – There is a comprehensive system of internal controls in place designed to achieve the system/function/process objectives. These controls are operating effectively and are being consistently applied.

Substantial Assurance - Key controls designed to achieve the system/function/process objectives are in place. There are opportunities to enhance/strengthen those controls.

(Reasonable) Moderate Assurance – Basic controls designed to achieve the system/function/process objectives are in place. Improvements are required if key controls are to be established.

Limited Assurance – Minimal controls designed to achieve the system/function/process objectives are in place. Significant improvements are required if key controls are to be established.

No Assurance – No controls that achieve the system/function/ process objectives are in place.

3.2 Audit Categories of Recommendations

Audit recommendations are categorised according to their level of perceived risk, as follows:

Fundamental (Red) - A control weakness that could:

- Have a major impact in the achievement of the objectives of the system, function or process under review,
- Have a major financial impact on the Council,
- Breach the law or regulations resulting in fines & consequences which have a major impact on the system function or process under review, or the Council as a whole,
- Have a major impact on the reputation of the Council.

Significant (Amber) - A control weakness that could:

- Have a moderate impact in the achievement of the objectives of the system, function or process under review,
- Have a moderate financial impact on the Council,
- Breach the law or regulations resulting in fines & consequences which have a moderate impact on the system function or process under review, or the Council as a whole,
- Have a moderate impact on the reputation of the Council.

Merits Attention (Green) - A control weakness that could:

- Have a minor impact in the achievement of the objectives of the system, function or process under review,
- Have a minor financial impact on the Council,
- Breach the law or regulations resulting in fines & consequences which have a minor impact on the system function or process under review, or the Council as a whole,
- Have a minor impact on the reputation of the Council.

4 Audit Reviews Completed

4.1. The following table summarises the audits completed during this period.

Audit	Level of Assurance		Number of Recommendations			Appendix
	Current Audit (2020/21)	Previous Audit (2019/20)	Fund (Red)	Sig (Amber)	MA (Green)	
Information Governance	Substantial	<i>Substantial (2018/19)</i>	-	4	-	2
Housing Benefit Overpayments	Full	<i>Full</i>	-	-	-	3
Local Taxation Billing & Administration	Full	<i>Full</i>	-	-	2	4
Local Taxation Recovery & Enforcement	Full	<i>Full</i>	-	-	2	5

4.2. Recommendations

Appendix 1 shows all fundamental and significant outstanding recommendations in three sections as follows:

1.1. Recommendations for which the originally agreed target date for completion has been revised – 5 (previously 12) in total of which all but one are overdue for completion.

1.2. Recommendations that are now overdue at the time of this report - currently 24 (previously 22) in total.

1.3 Recommendations that are not overdue at the time of this report – currently 16 (previously 26) in total.

Covid-19 continues to have an impact on the progress of completing recommendations as reflected in some of the comments received.

4.3. Merits Attention Recommendations

Because merits attention recommendations do not have an impact on the control environment, Internal Audit do not report the details of individual recommendations at this level. We do however follow them up to ensure completion within the same process applied to fundamental and significant recommendations. Currently there are 24 (previously 37) merits attention recommendations outstanding of which 13 (Previously 19) are overdue.

4.4. Information Available on Sinbad

Internal Audit has its own page on Sinbad that includes all summary audit reports for the last six years, current assurance levels and a five year summary of the control environment that you may find useful for reference.

<https://bdbc.sharepoint.com/sites/InternalAudit>

4.5. Planned Work

4.5.1 Following approval of the 2020/21 Audit Plan in June 2020, the Internal Audit Team have continued undertaking audits remotely.

4.5.2 As well as the completed audits shown in 4.1, the following audits are at the draft report stage awaiting responses from officers:

- Housing Allocation
- Health & Safety
- HR
- Fixed Asset Register

4.5.3 The following draft reports are currently being written:

- Project Management
- Grant Funding

4.5.4 Testing is currently being undertaken for the remaining audits:

- Financial Regulations
- Contract Standing Orders
- Property Investment Strategy

5. Corporate implications

5.1. Legal implications - Not Applicable

5.2. Financial implications - Not Applicable

5.3. Risk management – Not Applicable

5.4. Equalities implications - There are no equality implications for this report.

5.5. Consultation and communication - Not Applicable.

5.6. HR implications - There are no HR implications for this report.

6. Conclusion

6.1. The work of Internal Audit highlighted in this report provides the Audit & Accounts Committee with the necessary assurances on the control environment of the council.

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Confidentiality	It is considered that information contained within this report (and appendices) do not contain exempt information under the meaning of Schedule 12A of the Local Government Act 1972, as amended, and therefore can be made public.