

Summary of Internal Audit Work 2022/23

Appendix A

| Internal Audit Plan 2022-23 | Assurance Rating | Commentary |
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| CORPORATE | | |
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| Annual Governance Statement | Not applicable | <p>The review comprised of detailed testing and analysis of the Local Code of Corporate Governance and Service Assurance Statements completed by Directors.</p> <p>Common themes of improvements are included within the Annual Governance Statement Action Plan 2022</p> |
| Anti-Fraud & Corruption | Not applicable | <p>A full review of the Council's probity policies was undertaken. All policies are available to officers on Connect and the Council website.</p> <p>Throughout the year, fraud alerts received from various sources are circulated so that officers / the public are made aware of new threats and risks.</p> |
| National Fraud Initiative (NFI) | Not applicable | <p>Data for the main NFI 2022/23 was submitted for trade creditors, housing waiting list, Council Tax Reduction Scheme, taxi drivers and payroll. Results have been received and the investigatory work has commenced.</p> <p>Internal Audit are currently working with data holders to meet the Cabinet Office data requirements for the forthcoming Council Tax SPD 2023 exercise.</p> |
| COVID Grant Assurance | Not applicable | <p>Internal Audit participated in the BEIS post payment assurance verification process; providing the required evidence to support the payments made are compliant with the grant eligibility criteria.</p> <p>Following on from evidence provided to support COVID-19 Business Grants schemes – (Cohort 1), confirmation has been received from the Department for Business, Energy and Industrial Strategy (BEIS), that SRBC followed an appropriate and robust process in completing the assurance checks when awarding and paying a grant.</p> <p>In addition, assurance was provided in relation to the Containing Outbreak Management Fund and Test and Trace Support Payment grant determination sign off.</p> |

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| CUSTOMER AND DIGITAL | | |
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| Customer Services | | |
| Revenue and Benefits Project Support | Not applicable | Following the implementation of a Shared Service within Revenues and Benefits, Internal Audit play an active role in the project team reviewing and aligning processes to ensure they are both robust and resilient |
| ICT | | |
| Vulnerabilities Management | To be Confirmed | This review is due to commence June 2023. |
| ICT Support | To be Confirmed | This review is currently in progress and will be reported to the Committee in the first progress report of 23/24. |
| Project Support | Not applicable | Proactive support was provided to assist with Digital Strategy project |
| Neighbourhoods | | |
| Workshop Record Management | Adequate | <p>There was clear evidence of oversight and management of the following key areas:</p> <ul style="list-style-type: none"> • Maintenance records • Goods and services are procured in compliance with the manufacturers requirements to preserve warranties; • Best value is being achieved where applicable. <p>However, our work has identified that there is a lack of active management of the contract with FCC. There are two areas whereby the control environment could be strengthened;</p> <ul style="list-style-type: none"> • Ensuring the Consumer Price Index is applied on an annual basis; • Performance monitoring between the Council and FCC. Whilst monthly monitoring meetings were held on a regular basis prior to COVID, the arrangements have not been re-established since. |

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| Waste Services | Limited | <p>Early in 2022, the Council made the decision to in-source the waste service and is now undertaking the collection of residential household waste using an in-house team.</p> <p>Our work identified that:</p> <ul style="list-style-type: none"> • the momentum for delivering the Mobilisation Plan had waned; • a range of Health and Safety risks were not adequately mitigated; • roles and responsibilities were not clearly defined; • CCTV to safeguard assets and help to protect the public and staff needed to be prioritized. <p>Acknowledgement was given during the review to the legacy issues that the Council had inherited from the previous waste contract and to the fact that the Service is realigning and taking steps to entrench itself into Council culture and corporate requirements.</p> |
| Water management | Limited | <p>Our work established that there is evidence of awareness of the risks posed by the activities that are undertaken around areas of water. Some risk management measures are in place to reduce the risk to the public and employees/contractors working on-site, for instance Neighbourhood Officer site inspections and lifeline checks are carried out. Neighbourhood Officers are experienced and there is good evidence of team working to identify and address site issues/hazards. In addition, work is currently in progress to identify and document all areas of water, reviewing sufficiency of current on-site safety signage/equipment (renewing and improving as required).</p> <p>However, the following significant management issues related to the management of water sites were identified:</p> <ul style="list-style-type: none"> • There is a lack of water management/safety policy; • A comprehensive list of water sites is not in place; • Site risk assessments that inform the nature and frequency of inspection for each site are not in place for all areas of water. • There is a lack of guidance/operating procedures for the Neighbourhood Officers undertaking site inspections. • Supervisory monitoring is not carried out to confirm that the inspection regime is working as intended. |

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| PROPERTY AND DEVELOPMENT | | |
| Community Infrastructure Levy | Not applicable | This review has been deferred. The Team are considering options to automate process by the introduction of a new dedicated system and therefore it has been agreed that this review will be undertaken following implementation. |
| COMMERCIAL | | |
| Utilities Management | Limited | <p>This review identified that there is a lack of overarching management of utilities, including:</p> <ul style="list-style-type: none"> ▪ Failure to assign responsibility for the administration and management of utilities; ▪ Inadequate arrangements in place to validate supplier invoices; ▪ Lack of policies and procedures to provide guidance and direction for officers. ▪ Non-compliance with regulations to ensure that the Council’s responsibilities as a landlord are met regarding gas and electrical safety checks. ▪ Property records are inadequate and does not allow for the effective management of utilities; ▪ Failure to undertake a procurement exercise of water supplies since the deregulation of commercial water supplies. ▪ A lack of routine information sharing with Exchequer Services. <p>In addition, the Council has recently invested in a solar power system, however following receipt of guidance recently issued by the Councils insurers it has been identified that insufficient maintenance arrangements are in place, and that officers have not been adequately trained to manage the system.</p> |
| Project Support | Not applicable | <p>Project support was provided to further develop the project risk register and review risk management practices within the project.</p> <p>A meeting was held with the Strategic Development Officer and the Strategic Lead for Future Investments to identify areas for further consideration and improvement to the project risk register. A risk workshop was attended with project team members to ensure that risks across all areas of expertise were captured for evaluation and monitoring.</p> |
| Commercial Services Directorate Procurement Review | Limited | Internal Audit issued a report highlighting that there had been clear breaches of the governance framework resulting in a significant reputational risk and failure to adequately protect the Councils confidential data. Whilst many of the failings were due to activity within Chorley Council, South Ribble Council were also adversely affected albeit not to the same degree. |

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| | | <p>Since this review was finalised, a multi-disciplinary Commercial Directorate Development Group has been established. The focus of the group is on developing and embedding a strong governance framework and a positive, supportive culture focused on high quality service delivery.</p> |
| COMMUNITIES | | |
| Safeguarding | Substantial | <p>Our work has established that the Council has a good level of arrangements and that established controls are effective.</p> |
| Community Hubs / Boost Fund | Not applicable | <p>Internal Audit provided advice / guidance relating to setting up a new process for administering the successful Community Hub Boost Fund applications.</p> <p>Additionally, the Risk Team participated in the working group to assess the successful applications to consider risks and build in appropriate control the scheme funds.</p> |
| Community Hubs / Boost Fund | Adequate | <p>Our review confirmed that the Boost Fund and Boost Fund Plus have been administered well by the Community Development Team with good communication maintained with the Community Hubs and grant applicants throughout the application process. Applications are completed to a high standard and supporting documentation has been sought (where required) and maintained in a central file for each applicant. Evidence of periodic reporting to Cabinet/Council is available for each round of the Boost Fund, with overall approval for the Boost Fund Plus awards sought in June 2022.</p> <p>Management actions were agreed to further strengthen the arrangements if further grants are distributed by the Council in future.</p> |
| CHANGE AND DELIVERY | | |
| Absence Management | Adequate | <p>Our work has established that a comprehensive Policy has been adopted and that there is a reasonable level of awareness and application.</p> <p>Current arrangements could be strengthened in record keeping and ensuring there is full compliance in all service areas.</p> |

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| Key Strategic Contract and Partnerships | Adequate | <p>Both Councils have developed a comprehensive Key Contracts and Partnerships Framework (Framework) to help ensure that key partnerships have good systems of governance, well developed risk management practices and robust monitoring arrangements. The Frameworks are accessible to officers via the intranets to provide guidance and direction on the additional principles and requirements of a key contract/partnership. Robust reporting arrangements are also in place with key responsible officers provide progress updates to the Transformation and Change Team for biannual reporting to SMT and annually to Cabinet.</p> <p>There are improvements to be made to further strengthen the current arrangements and these include:</p> <ul style="list-style-type: none"> • Review of the Framework to ensure it continues to meet the needs of the organisation; • Monitoring and reporting of specific governance aspects of key partnerships to be introduced to further embed the requirements of the Framework. |
| Payroll | Adequate | <p>During 2022, a significant amount of work was undertaken to move to a new payroll provider. Our review confirmed that this project was successfully delivered with the majority of employees moving seamlessly to the new provider.</p> <p>Our work did identify some further improvements to be made to ensure the arrangements are fully embedded and roles and responsibilities are clear.</p> |
| Business Grants | Not applicable | Internal Audit provided advice/guidance relating to setting up a new process for administering the South Ribble Business Energy Efficiency (BEE) Scheme. |
| GOVERNANCE | | |
| Code of Conduct | Substantial | No key control issues were identified for this review. |
| General Data Protection Regulations – data retention | Limited | <p>This review confirmed the need for the Council to:</p> <ul style="list-style-type: none"> ▪ Implement a rigorous process for review of policies to ensure they remain accurate and reflective of operational activity; ▪ Align ROPAs, data retention schedules and Privacy notices to ensure a consistent approach is adopted and clear and accurate information is provided to the public; ▪ Ensure the ROPA is up to date and regularly reviewed; |

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| | | <ul style="list-style-type: none"> ▪ Each Directorate to ensure data held meets the agreed data retention schedules. <p>The Senior Management Team have accepted the findings of the review and agreed to implement all agreed actions by September 2023.</p> |
| SHARED FINANCIAL SERVICES | | |
| Review of VAT | Substantial | Our work has established that the Council has a good level of arrangements and that established controls are operating effectively. |
| External Funding | Adequate | <p>Testing identified confirmed that funding conditions are predominantly adhered to; the application process had been clearly designated to a responsible officer and there is alignment with the appropriate organisation's Corporate Strategy/statutory obligation.</p> <p>However it was identified that the Council would benefit from the introduction of an External Funding Strategy to augment the requirements set out in the Councils' Financial Procedure Rules would support managers, formalise procedures, set the standard for record keeping, and assist in providing assurance to the Director of Finance that robust monitoring arrangements are in place for all grant awards received.</p> |