

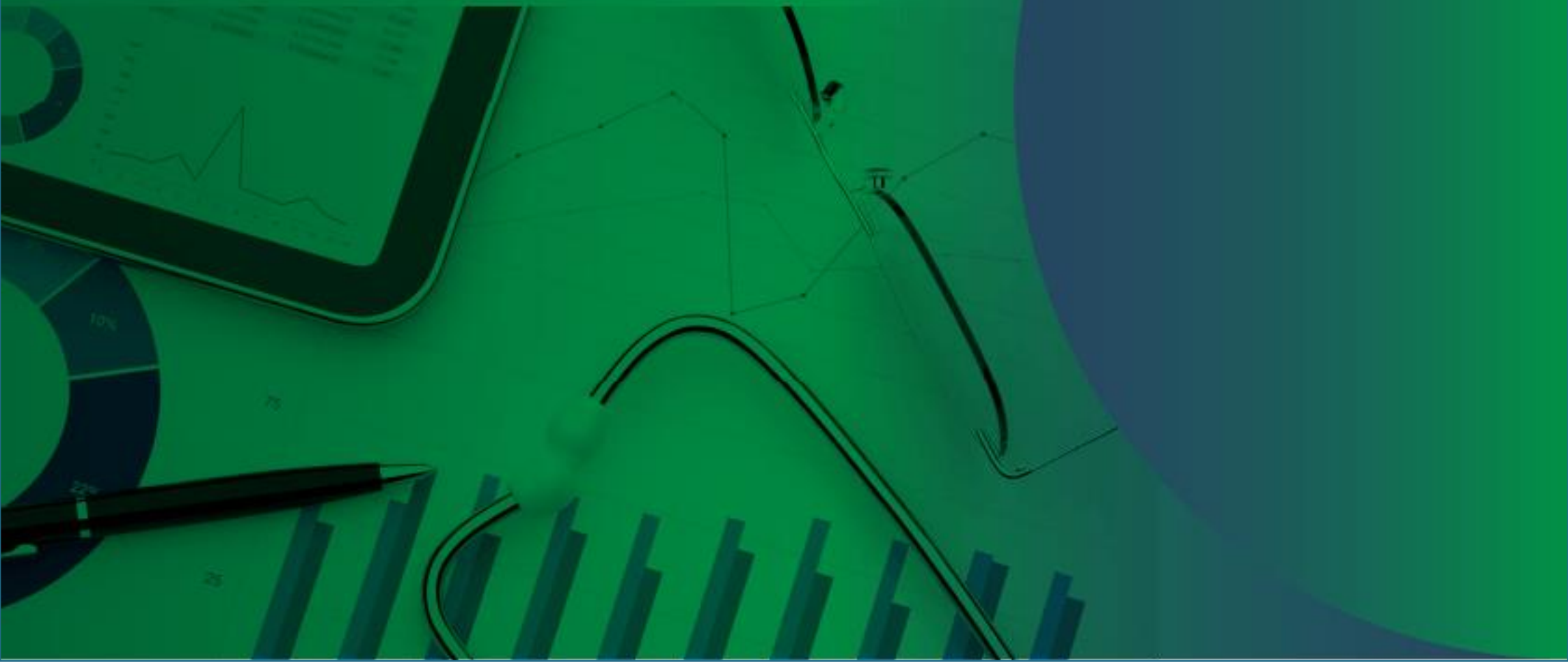


## **East Staffordshire Borough Council**

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*Internal Audit Progress Report*

*September 2023*



## Contents

| Section               | Page | Appendices                     | Page |
|-----------------------|------|--------------------------------|------|
| Introduction          | 0    | A: Internal Audit plan         | 6    |
| Internal Audit update | 2    | B: Summary of audits completed | 7    |
| Progress of work      | 3    | C: Terms of Reference issued   | 8    |
| Action tracking       | 4    | D: Key Performance Indicators  | 13   |
| Conclusion            | 5    | E: Action tracker              | 14   |

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This paper identifies progress made in relation to completion of work from the Council's 2023/24 Internal Audit Plan and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of Public Sector Internal Audit Standards.

This progress report covers the work carried out during the period April to September 2023.

## Action required

The Audit Committee is asked to:

**Note** the key messages and progress made against the Internal Audit Plan since the last meeting.

**Receive** the information and guidance papers produced by 360 Assurance and seek assurance from the Council that the issues raised are being considered and, where necessary, addressed by the Council.

## Key contacts

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## Key messages

Since the last Audit Committee we have:

- Issued 2 final reports:
  - Stronger Towns Fund – Governance Arrangements
  - Commercial Property Management Follow-up
- Issued 4 grant certifications
  - Bio Diversity Net Gain 2022/23 grant certification
  - Disabled Facilities grant certification
  - Energy Bill Support Scheme grant certification
  - Alternative Fuel Payment grant certification
- Held planning meetings with Council officers and issued 9 Terms of Reference. See Appendix C for details.
- We have liaised with the Corporate Management Team and a review of the 2023/24 Internal Audit Plan has been completed. The revised plan is presented to the Audit Committee as a separate paper for consideration.

We draw Audit Committee’s attention to the following:

- The overall implementation of recommendations with original completion dates between 1<sup>st</sup> April to 31<sup>st</sup> August 2023 (2023/24) so far is **46%**.
- There are **7** overdue actions relating to 2023/24 at the time of writing. See page 4 and Appendix E for more details.
- There are **2** historic actions originally due prior to 1 April 2023 that remain open. These are detailed in Appendix E.

## Contract performance

| Planned audits | Audits completed | % complete |
|----------------|------------------|------------|
| 17             | 2                | 12 %       |

| Planned grant certifications | Grant certifications completed | % complete |
|------------------------------|--------------------------------|------------|
| 7                            | 4                              | 57 %       |

A summary of internal audit plan progress to date can be seen at Appendix A.

A summary of audits completed is provided at Appendix B.

We have provided at Appendix D a summary of our performance in relation to Key Performance Indicators detailed in our Service Level Agreement with the Council.

## Service benefits and other matters



### Events

Papers from our events are available on our website  
<https://www.360assurance.co.uk/events/>



### Client briefing and other publications

We regularly publish articles and all of these together with our monthly briefings are on our website.  
<https://www.360assurance.co.uk/news-publications/>

## Work completed

Since our last report to you we have published the following reports:

| Audit  | Opinion        | High | Medium | Low | Advisory |
|--|----------------|------|--------|-----|----------|
| Stronger Towns Fund – governance arrangements                    | Significant    | -    | 1      | 2   | -        |
| Commercial Property Management Follow-up                         | Moderate       | -    | 5      | -   | -        |
| Disabled Facilities Grants (Grant Certification provided)        | Substantial    | -    | -      | -   | -        |
| Stronger Towns Fund (Burton and South Derbyshire College Claim)  | Not Applicable | -    | -      | -   | 7        |
| Energy Bill Support Scheme – (Grant Certification provided)      | Not Applicable | -    | -      | -   | -        |
| Alternative Fuel Payment Scheme – (Grant Certification provided) | Not Applicable | -    | -      | -   | -        |
| Bio Diversity Net Gain 2022/23 (Grant Certification provided)    | Not Applicable | -    | -      | -   | -        |

## Terms of Reference issued

Since our last report to you, the following Terms of Reference have been developed with Council Officers:

- Brewhouse Income Collection
- Commercial Property Management Follow-up
- Housing Allocations
- Member Induction
- Performance Management
- Premises Licensing
- Shared Prosperity Fund
- Staff Recruitment
- Head of Internal Audit Opinion: Annual work programme

These are detailed for Audit Committee information in Appendix C.

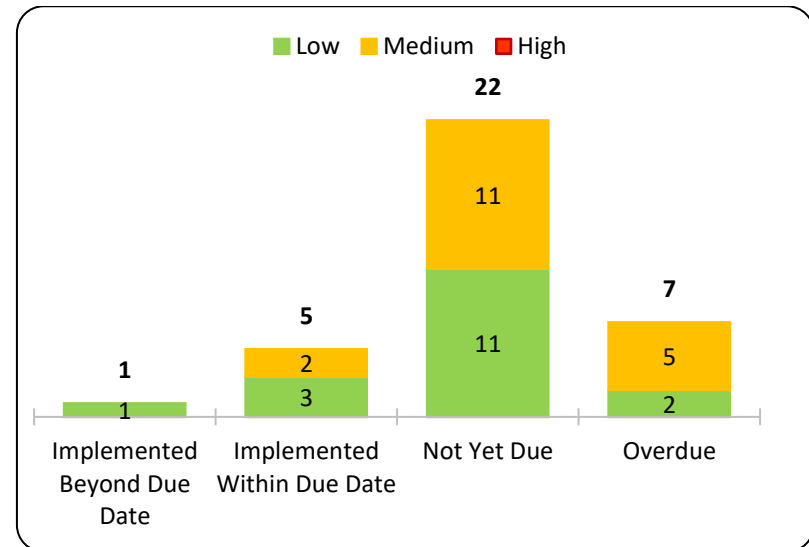
Planning meetings with Council Officers to discuss and agree the scope and coverage of planned work in quarter three are in progress.

## Status of agreed actions

The implementation of actions is undertaken using a 'live' follow up system. A summary of the current status of all follow up activity is attached at Appendix E, however, we would draw the committee's attention to the following:

- For a significant opinion on this element we would expect to see a robust process and proactive culture in the organisation on internal audit actions, high risks to be closed at their original due date, over 75% of actions to be implemented by 31 March 2024 and progress to have been made on historic actions.
- The first follow up rate for 2023/24 is **38%** (5 of 13) and the overall implementation rate is currently **46%** (6 of 13).
- There are **9** actions still open that have not been implemented within their due dates. These are shown in summary at Appendix E and include:
  - 7 actions due between 1<sup>st</sup> April and 31<sup>st</sup> August 2023
  - 2 historic actions originally due prior to 1 April 2023

The chart below summarises the progress against agreed actions in-year to date, for Internal Audit.



This report summarises the work in the reporting period in respect of Internal Audit at the Council. The Client Manager and Assistant Director meet with the Chief Finance Officer and Interim S151 Officer regularly to discuss progress against the plan and to monitor and evaluate the effectiveness of this work which informs the Council's plan.

Members are invited to raise any questions.

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The table below summarises progress against the 2023/24 Internal Audit Plan (**bold** denotes core area to support HOIA opinion):

| Ref.   | Audit   | Planned timing | Status                  | Assurance level provided     | Date reported to Audit Committee |
|--|---|----------------|-------------------------|------------------------------|----------------------------------|
| <b>Corporate</b>   |   |                |                         |                              |                                  |
| 1  | <b>Head of Internal Audit Opinion (core)</b>  | Q1 -4          | ToR agreed              | -                            | -                                |
| 2  | <b>Governance Arrangements (core)</b>   | Q4             | Planning                | -                            | -                                |
| 3  | Anti-Fraud and Corruption   | Q2             | In progress             | Not Applicable               | -                                |
| 4  | National Fraud Initiative   | Q1 - 4         | In progress             | Advisory                     | Not Applicable                   |
| <b>Chief Executive – Andy O’Brien</b>                                |   |                |                         |                              |                                  |
| 5  | Human Resources (core)  | Q1             | In progress             | -                            | -                                |
| 6  | Member Induction  | Q3             | ToR agreed              | -                            | -                                |
| 7  | Payroll   | Q3             | Planning                | -                            | -                                |
| <b>Head of Corporate and Environment – Mark Rizk</b>                 |   |                |                         |                              |                                  |
| 8  | <b>Performance Management (core)</b>  | Q3             | ToR agreed              |                              |                                  |
| <b>Interim Chief Financial Officer and Section 151 – Lisa Turner</b> |   |                |                         |                              |                                  |
| 9  | <b>Financial Management and Reporting (core)</b>  | Q4             | Planning                | -                            | -                                |
| 10   | <b>Benefits (core)</b>  | Q4             | Planning                | -                            | -                                |
| 11   | <b>Revenues (core)</b>  | Q4             | Planning                | -                            | -                                |
| 12   | Grant Certifications  | Q1 - 4         | Ongoing throughout year | Grant certification provided | 27 September 2023                |
|  | To date Certifications have been issued for the following areas: <ul style="list-style-type: none"> <li>• Bio Diversity Net Gain 2022/23</li> <li>• Disabled Facilities Grant</li> <li>• Energy Bill Support Scheme</li> <li>• Alternative Fuel Payments</li> </ul> |                |                         |                              |                                  |
| <b>Interim Head of Regeneration &amp; Development – Tom Deery</b>    |   |                |                         |                              |                                  |
| 13   | Brewhouse – Income Collection   | Q3             | In progress             | -                            | -                                |
| 14   | Housing Allocations   | Q1/2           | In progress             | -                            | -                                |
| 15   | Stronger Towns Fund   | Q1 & Q3        | Q1 audit completed      | Significant                  | 27 September 2023                |
| 16   | Shared Prosperity Fund  | Q3             | ToR issued              | -                            | -                                |
| <b>Head of Legal &amp; Regulatory Services - John Teasdale</b>       |   |                |                         |                              |                                  |
| 17   | Commercial Property Management Follow-up  | Q2             | Complete                | Moderate                     | 27 September 2023                |
| 18   | Licensing and Enforcement   | Q2             | In progress             | -                            | -                                |



The following audit report with moderate assurance has been issued and agreed with Council Officers since the last committee meeting.

| Report 4 Commercial Property Management Follow-up |   |
|---|---|
| <b>Objectives and scope</b>                       | <p>The overall objective of our review was to follow up the seven actions agreed in the original audit and provide assurance that the issues raised have been addressed. In order to achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> <li>• Adequate records are maintained of commercial property owned by the Council.</li> <li>• There are signed lease agreements in place for all current leases and a program to ensure that lease renewals, amendments to leases and rent reviews are undertaken in a timely manner.</li> <li>• Commercial properties are maintained and utilised in accordance with lease terms and conditions and relevant statutory requirements.</li> <li>• The property management service is subject to regular monitoring through the production, submission and review of appropriate management information</li> </ul> |
| <b>Audit opinion</b>                              | Moderate Assurance  |
| <b>Summary findings</b>                           | <p>Of the seven original agreed actions from our 2022/23 review:</p> <ul style="list-style-type: none"> <li>• two have been implemented (lease renewals and property management consultants)</li> <li>• two are in progress (new terrier system and electrical safety certificates)</li> <li>• three remain outstanding (property inspections, statutory compliance assurance and management information)</li> </ul>  |

Please note that all Internal Audit reports are available in full upon request.

The following TORs have been issued and agreed with Council Officers since the last committee meeting and are detailed here for information.

| ToR 1 Brewhouse Income Collection              |  |
|--|--|
| <b>Introduction</b>                            | The Brewhouse Arts Centre is a Council-owned and run arts and entertainment venue in Burton town centre used extensively to accommodate rehearsals meetings and events covering all aspects of the arts. The Interim Chief Financial Officer has highlighted an ongoing issue with the holding code that relates to income collected on behalf of third parties not being reconciled.  |
| <b>Objectives and scope</b>                    | The objective of our review is to review whether all income due from events held at the Brewhouse Arts Centre (including bar takings) is received promptly, securely and in full.  |
| <b>Methodology and approach</b>                | <ul style="list-style-type: none"> <li>• Interview key staff to determine the current processes in operation.</li> <li>• Undertake sample testing to confirm that income is charged in line with the agreed fees and charges, collected in full and safely secured.</li> </ul>   |
| ToR 2 Commercial Property Management Follow-up |  |
| <b>Introduction</b>                            | A review of Commercial Property Management was completed as part of the 2022/23 internal audit plan, with moderate assurance being provided over the systems and controls in operation.  |
| <b>Objectives and scope</b>                    | The objective of our review is to follow up the actions agreed in the original audit and provide assurance that the issues raised have been addressed.   |
| <b>Methodology and approach</b>                | <ul style="list-style-type: none"> <li>• Interview relevant officers.</li> <li>• Obtain documentary evidence to support the implementation of the agreed actions.</li> </ul>   |
| ToR 3 Housing Allocations                      |  |
| <b>Introduction</b>                            | The majority of rented social housing in East Staffordshire is owned by housing associations. In order to bid for most of the social housing in East Staffordshire, individuals must first apply using an on-line form to be added to the housing register. ESBC is responsible for the Allocations Policy. The housing register and process by which social housing is let is managed on behalf of the Council through a contract with Trent & Dove Housing that is due for review in April 2024.   |
| <b>Objectives and scope</b>                    | <ul style="list-style-type: none"> <li>• The housing allocations system is operated in accordance with legislation and appropriate controls are in place to ensure that access is restricted and updates are prompt and accurate.</li> <li>• Applications to join the housing register to bid for properties are processed promptly and accurately in accordance with policy.</li> <li>• The bidding process for properties is run in a fair and consistent manner and offers are made promptly to winning bidders on the basis of a fully validated bid.</li> <li>• The housing allocations system is subject to appropriate levels of management review and monitoring and information is regularly reported to senior management and committee.</li> </ul> <p><i>Limitations of scope:</i> The scope of our work will be limited to the areas identified in this Terms of Reference and will focus on the systems and processes in place at East Staffordshire Borough Council.</p> |

|                                 |  |
|---------------------------------|--|
| <b>Methodology and approach</b> | <ul style="list-style-type: none"> <li>• Interview key staff both at the council and the provider, Trent and Dove Housing.</li> <li>• Review policies and procedures.</li> <li>• Undertake sample testing of a number of applications to confirm they have been processed in line with the policy.</li> <li>• Review monitoring and management information provided from the provider and management information reported within the council.</li> </ul> |
|---------------------------------|--|

| ToR 4 Member Induction          |   |
|---------------------------------|---|
| <b>Introduction</b>             | A comprehensive Member induction training programme was developed to enable new and returning Members to fully understand and deliver their role as Councillors. The training programme consists of 24 different sessions, the majority of which were made available as both face-to-face meetings and via Zoom. Each session identified whether attendance was mandatory, essential, recommended or optional for both new and returning Members. The local elections that were held in May 2023 resulted in a number of new members joining the Council. |
| <b>Objectives and scope</b>     | <p>The objective of our review is to confirm:</p> <ul style="list-style-type: none"> <li>• There is a comprehensive induction training programme for new and returning Members.</li> <li>• All new and returning Members attend/receive induction training relevant to their roles and responsibilities.</li> <li>• The induction training programme is subject to feedback and review.</li> </ul>  |
| <b>Methodology and approach</b> | <ul style="list-style-type: none"> <li>• Interview key staff to determine and document the current controls and processes in operation.</li> <li>• Undertake sample testing to confirm compliance with controls and processes as recorded</li> </ul>  |

| ToR 5 Performance Management    |   |
|---------------------------------|---|
| <b>Introduction</b>             | The Council prepares and regularly updates a Corporate Plan that publicly commits to a number of performance targets across the spectrum of service provision to businesses and households in East Staffordshire. The most recent refresh of the Corporate Plan was undertaken following the local elections held in May 2023, which resulted in a change in administration and a new Cabinet being elected. As a result, new performance targets have been created.  |
| <b>Objectives and scope</b>     | <ul style="list-style-type: none"> <li>• There is a robust performance management framework in place that is aligned with the Council's corporate and operational objectives.</li> <li>• Performance data reported is accurate, valid and timely.</li> <li>• Performance information is appropriately reported and acted on when applicable.</li> </ul> <p>Limitations of scope: The scope of our work will be limited to the areas identified in this Terms of Reference. The audit will not comment on the validity of specific performance targets as it has a focus on reporting of performance and not on the appropriateness of corporate objectives.</p> |
| <b>Methodology and approach</b> | <ul style="list-style-type: none"> <li>• Interview key staff to determine and document the current controls and processes in operation.</li> <li>• Select a sample of KPIs and performance targets detailed within the refreshed Corporate Plan and confirm that appropriate documentation exists to support reported performance for Quarter 1 of 2023/24.</li> <li>• Fieldwork is scheduled for October 2023 to allow sufficient time for the Council to prepare the performance reports for Quarter 1 of 2023/24, which will include the new targets created following the change in administration</li> </ul>   |

| ToR 6 Premises Licensing                                   |   |
|--|---|
| <b>Introduction</b>  | The Licensing Act 2003 requires all alcohol sold by retail to be authorised by a person holding a personal licence and from premises licensed for the purpose. In addition a premises licence is also required to provide late-night refreshments and regulated entertainment. Current licensing fees are included on the council’s webpage under Licenses and Permits. There are 852 licensed premises within the Borough, with 2023/24 budgeted income of £110,500.   |
| <b>Objectives and scope</b>                                | <ul style="list-style-type: none"> <li>• Licences are issued in accordance with the requirements of the Licensing Act 2003.</li> <li>• All licensing income due is collected promptly and in full.</li> <li>• Appropriate action is taken to regulate and enforce licensing requirements.</li> </ul> <p><i>Limitations of scope:</i> This audit does not include any other types of licence that the Council is required to regulate.</p>   |
| <b>Methodology and approach</b>                            | <ul style="list-style-type: none"> <li>• Interview key staff to determine and document the current controls and processes in operation.</li> <li>• Undertake sample testing to confirm compliance with controls and processes as recorded.</li> </ul>   |
| ToR 7 Shared Prosperity Fund (issued in draft for comment) |   |
| <b>Introduction</b>  | The UK Shared Prosperity Fund (UKSPF or the Fund) is a central pillar of the UK government’s Levelling Up agenda. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula. ESBC is introducing a number of schemes to utilise the Fund: <ul style="list-style-type: none"> <li>• a ward enhancement programme that is to be administered through an application process that is currently being designed (£1.5m).</li> <li>• capital expenditure on Uttoxeter town centre, with contractors appointed using the Council’s existing procurement policy (£1.5m).</li> <li>• a business support scheme (£772,891) and people &amp; skills support scheme (£50,000) that will be delivered using a variety of mechanisms (direct ESBC delivery, in partnership with Staffordshire Council, or via tenders).</li> </ul> |
| <b>Objectives and scope</b>                                | <ul style="list-style-type: none"> <li>• There are effective governance and administration arrangements in place to review and approve ward enhancement applications that ensure transparency, equitable treatment and financial probity are achieved.</li> <li>• Delivery of individual ward enhancement schemes is subject to review and monitoring to confirm that the objectives for which the funding was provided are fully achieved.</li> </ul> <p><i>Limitations of scope:</i> Review of Uttoxeter town centre scheme and business and skills enhancement programmes are not included in the scope of the audit.</p>  |
| <b>Methodology and approach</b>                            | <ul style="list-style-type: none"> <li>• Interview key staff to determine and document the current controls and processes in operation.</li> <li>• Undertake sample testing to confirm compliance with controls and processes as recorded.</li> </ul>   |
| ToR 8 Staff Recruitment                                    |   |
| <b>Introduction</b>  | Recruitment of staff with the correct skills, experience and qualifications is a vital requirement in the delivery of the Council’s Corporate Plan priorities. The system and processes used to recruit staff has therefore been identified as a key area for review by Internal Audit during the 2023/24 year. There has been a significant turnover of staff in the HR function over the last 12 months, with both the HR Business Partner, the Senior HR Officer, and the Corporate Officer (Equalities & OD) leaving the Council’s employment. Recruitment to the HR Business Partner and Corporate Officer (Equalities & OD) posts has been difficult to achieve and is ongoing.   |

|                                 |   |
|---------------------------------|---|
| <b>Objectives and scope</b>     | <ul style="list-style-type: none"> <li>Recruitment to posts is subject to appropriate prior approval.</li> <li>Recruitment activity complies with the Recruitment and Selection Policy and guidance.</li> </ul>                                   |
| <b>Methodology and approach</b> | <ul style="list-style-type: none"> <li>Interview key staff to determine and document the current controls and processes in operation.</li> <li>Undertake sample testing to confirm compliance with controls and processes as recorded.</li> </ul> |

## ToR 9 Head of Internal Audit Opinion: Annual work programme

|                     |  |
|---------------------|--|
| <b>Introduction</b> | <p>The Public Sector Internal Audit Standards (PSIAS) state that <i>‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’</i> The annual internal audit opinion must conclude on the overall adequacy and effectiveness of an organisation’s framework of governance, risk management and control for the period for which it relates.</p> <p>Our year-end Head of Internal Audit Opinion will be based on the following areas:</p> <ul style="list-style-type: none"> <li>Internal audit plan outturn</li> <li>Strategic risk management and board assurance framework</li> <li>Implementation of internal audit actions</li> <li>Third party assurances</li> </ul> |
|---------------------|--|

| <b>Objectives and scope</b>              | <p>The table below provides details on what will be assessed within each of the component areas.</p> <table border="1"> <thead> <tr> <th>Key component</th> <th>Explanation</th> </tr> </thead> <tbody> <tr> <td>Internal audit plan outturn</td> <td>We consider all work completed as part of your internal audit plan in our year-end opinion, including all consultancy and advisory work, in line with the Public Sector Internal Audit Standards (PSIAS). We will consider the reasons for any reviews which are deferred or removed from the audit plan. During the year we will review whether any themes have been identified from our work which need to be highlighted to the Audit Committee in our progress reports and reflected in our year-end opinion. We will also identify where audit outcomes are significantly different to what was anticipated at the outset of the review.</td> </tr> <tr> <td>Implementation of internal audit actions</td> <td> <p>As part of the PSIAS, we are required to consider the appropriateness of the Council’s response to internal audit recommendations made and actions subsequently implemented. From 2023/24 we will be verifying evidence of all action implementation; in previous years this has been self-assessed by the organisation. More detailed follow up reviews may be completed where an in-depth review is required; this will be agreed in the planning process. In forming our opinion for this element we will take into account:</p> <ul style="list-style-type: none"> <li>how the Council takes ownership to ensure that actions are being implemented within the dates agreed</li> <li>whether there are any actions still open from previous years and how these are progressed in 2023/24</li> <li>whether appropriate focus is given to high and medium risk actions so that they are closed at their original due date</li> <li>whether actions are implemented by their original due date (first follow up rate) – this is for all actions with an original due date 1 April 2023 to 31 March 2024</li> <li>the percentage of actions implemented by 31 March 2024.</li> </ul> <p>As this is the first year of a new process, we will allow some time for embedding of arrangements. For a significant opinion on this element we would expect to see a robust process and proactive culture in the Council on internal audit actions, high risks to be closed at their original due date, over 75% of actions to be implemented by 31 March 2024 and progress to have been made on historic actions. Whilst we consider all factors above when providing this opinion, as a guide we will use the table to support our overall rating:</p> </td> </tr> </tbody> </table> | Key component | Explanation | Internal audit plan outturn | We consider all work completed as part of your internal audit plan in our year-end opinion, including all consultancy and advisory work, in line with the Public Sector Internal Audit Standards (PSIAS). We will consider the reasons for any reviews which are deferred or removed from the audit plan. 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In forming our opinion for this element we will take into account:</p> <ul style="list-style-type: none"> <li>how the Council takes ownership to ensure that actions are being implemented within the dates agreed</li> <li>whether there are any actions still open from previous years and how these are progressed in 2023/24</li> <li>whether appropriate focus is given to high and medium risk actions so that they are closed at their original due date</li> <li>whether actions are implemented by their original due date (first follow up rate) – this is for all actions with an original due date 1 April 2023 to 31 March 2024</li> <li>the percentage of actions implemented by 31 March 2024.</li> </ul> <p>As this is the first year of a new process, we will allow some time for embedding of arrangements. For a significant opinion on this element we would expect to see a robust process and proactive culture in the Council on internal audit actions, high risks to be closed at their original due date, over 75% of actions to be implemented by 31 March 2024 and progress to have been made on historic actions. Whilst we consider all factors above when providing this opinion, as a guide we will use the table to support our overall rating:</p> |
|--|--|---------------|-------------|-----------------------------|---|--|---|
| Key component                            | Explanation  |               |             |                             |   |  |   |
| Internal audit plan outturn              | We consider all work completed as part of your internal audit plan in our year-end opinion, including all consultancy and advisory work, in line with the Public Sector Internal Audit Standards (PSIAS). We will consider the reasons for any reviews which are deferred or removed from the audit plan. During the year we will review whether any themes have been identified from our work which need to be highlighted to the Audit Committee in our progress reports and reflected in our year-end opinion. We will also identify where audit outcomes are significantly different to what was anticipated at the outset of the review.  |               |             |                             |   |  |   |
| Implementation of internal audit actions | <p>As part of the PSIAS, we are required to consider the appropriateness of the Council’s response to internal audit recommendations made and actions subsequently implemented. From 2023/24 we will be verifying evidence of all action implementation; in previous years this has been self-assessed by the organisation. More detailed follow up reviews may be completed where an in-depth review is required; this will be agreed in the planning process. In forming our opinion for this element we will take into account:</p> <ul style="list-style-type: none"> <li>how the Council takes ownership to ensure that actions are being implemented within the dates agreed</li> <li>whether there are any actions still open from previous years and how these are progressed in 2023/24</li> <li>whether appropriate focus is given to high and medium risk actions so that they are closed at their original due date</li> <li>whether actions are implemented by their original due date (first follow up rate) – this is for all actions with an original due date 1 April 2023 to 31 March 2024</li> <li>the percentage of actions implemented by 31 March 2024.</li> </ul> <p>As this is the first year of a new process, we will allow some time for embedding of arrangements. For a significant opinion on this element we would expect to see a robust process and proactive culture in the Council on internal audit actions, high risks to be closed at their original due date, over 75% of actions to be implemented by 31 March 2024 and progress to have been made on historic actions. Whilst we consider all factors above when providing this opinion, as a guide we will use the table to support our overall rating:</p>  |               |             |                             |   |  |   |

|  | Implementation rate | Guide                 |
|--|---------------------|-----------------------|
|  | 75–100%             | Significant assurance |
|  | 60–74%              | Moderate assurance    |
|  | 40–59%              | Limited assurance     |
|  | 0–39%               | Weak assurance        |

In future years, this guide will be used to assess the completion of actions using the first follow up rate.

|                           |  |
|---------------------------|--|
| Strategic risk management | Our definition of risk management is the management of risk to the achievement of the organisation’s corporate objectives. We will consider whether the Council has a robust risk management strategy or policy in place that clearly sets out how strategic risks will be managed. The Council is currently in the process of reviewing it’s Risk Management Strategy and Policy and progress will be reflected within our review. As part of our assessment, we will review how the Council and/or a committee discuss and evidence strategic risk management. We will review how the Audit Committee fulfils its responsibilities in relation to strategic risk management, specifically how it is assured that the design and operation of the strategic risk management arrangements are fit for purpose. We will assess whether principal risks are clearly identified against the organisation’s corporate objectives, whether controls are adequately described within the strategic risk register, and assurances are identified, as well any associated actions. Through the year we will review whether actions identified to mitigate risks are progressed and closed. We will also consider how the organisation’s risk appetite is used. We will review whether the strategic risk register is subject to regular scrutiny and challenge, in accordance with the reporting arrangements set out in the risk management strategy or policy. |
| Third party assurances    | As part of the PSIAS, we are required to consider assurance given by other third parties. We do not give an assurance rating to this element. CIPFA guidance states ‘to build a robust opinion on the adequacy of the governance, risk and control framework the Head of Internal Audit will need to review and, if appropriate place reliance on the work of others’.   |

Progress in relation to our HOIA Opinion work programme will be reported during the course of the year to the Audit Committee and will be discussed with relevant lead officers. The element of the work programme relating to your Assurance Framework will be delivered as follows:

| Stage of work             | Summary of testing  |
|---------------------------|---|
| Stage 1                   | We will review whether the organisation has a robust risk management strategy or policy in place which clearly sets out the programme of review for strategic risks.<br>We will review the current strategic risk register and consider whether the format and content is appropriate to support the scrutiny and challenge of risk management. |
| Stage 2 – interim opinion | We will review implementation of any actions agreed at stage 1. We will consider how the strategic risk register has been used since our stage 1 work to confirm this is regularly reviewed, updated and considered by full Council and/or committees, as appropriate.  |

Limitations of scope: The scope of our work will be limited to the areas identified above in the TOR. This work programme is not designed to give assurance on the entirety of the organisation’s governance and risk management arrangements.

As part of our contract with the Council we agreed a number of Key Performance Indicators. Those that can be measured on a quarterly basis are included below; others will be reported in our Annual Report later in the year. Please note these are compiled on a cumulative basis.

So far in 2023/24 we have issued nine Terms of Reference and issued two final reports.

| 360 Assurance KPIs  | Target | Q1                             | Q2 | Q3 | Q4 |
|---|--------|--------------------------------|----|----|----|
| Issue a Client Satisfaction Questionnaire following completion of every audit.  | 100%   | 100%                           | ~  | ~  | ~  |
| Terms of Reference issued before commencement of the audit.   | 100%   | 100%                           | ~  | ~  | ~  |
| Draft report issued within 10 working days of exit meeting.   | 100%   | 100%                           | ~  | ~  | ~  |
| Final report issued within 5 working days of executive sign-off.  | 100%   | 100%                           | ~  | ~  | ~  |
| Overall client satisfaction rating of satisfied or highly satisfied.  | 90%    | No PAQ responses during period | ~  | ~  | ~  |
| Client KPIs   | Target | Q1                             | Q2 | Q3 | Q4 |
| Terms of Reference to be agreed within 10 working days of being received.   | 100%   | 100%                           | ~  | ~  | ~  |
| Information has been provided and staff have been available to meet the timescales set out within the Terms of Reference. | 100%   | 100%                           | ~  | ~  | ~  |
| Management response received within 10 working days of receiving the final draft report.                                  | 100%   | 100%                           | ~  | ~  | ~  |

The table below provides a summary of actions due on or by 31<sup>st</sup> August 2023 that have yet to be implemented (this includes actions where extensions to original implementation dates have been agreed and historical actions originally due prior to 1 April 2023 that remain open).

| Audit reference / title by Executive Lead   | Low      | Medium   | High     | Total    | Comments / Latest Status Update   |
|---|----------|----------|----------|----------|---|
| <b>Head of Corporate and Environment Services</b>   | <b>3</b> | <b>5</b> | <b>0</b> | <b>8</b> |   |
| 2021/22 Leisure Contract Monitoring   | 1        | 0        | 0        | 1        | Outstanding issue relates to having a signed contract in place.<br>Original due date: 31.03.2022<br>Revised implementation date: 30.06.2023 |
| <u>Latest Status Update</u><br>There is a contract agreed and being performed which is therefore enforceable in the event of a dispute, as case law supports. The Contract and associated documents are ready for signature, and the Council’s legal team are awaiting the relevant signatures from the Leisure Operator’s representatives. The Council’s Legal Team continues to follow this up with the Leisure Operator for the documents to be signed as soon as practical. The latest update from the ESBC legal representatives, upon chasing the Contractor, is that the Contractor’s legal team is awaiting confirmation from internal colleagues on necessary detail within some schedules are correct, and once they receive this they can then arrange to have the Contract signed.  |          |          |          |          |   |
| 2022/23 Complaints  | 0        | 1        | 0        | 1        | Complaints training to be provided.<br>Original due date: 30.04.2023<br>Revised Implementation date: none provided                          |
| <u>Latest Status Update</u><br>Dealing with complaints, investigating and responding to complainants with vulnerabilities has been added to the 2023/24 Corporate Training Plan. Officers have indicated that this action is implemented and a copy of the Corporate Training Plan for 2023/24 has been requested.  |          |          |          |          |   |
| 2022/23 Car Parking   | 0        | 3        | 0        | 3        | Original implementation date: 30.04.23<br>Revised implementation date: none provided  |
| <u>Latest Status Update:</u><br><u>Car Park Income Reconciliations</u> - The contract with a new cash collection provider has commenced (June 2023). However, there are administrative difficulties with the provider not supplying accurate cash reconciliation sheets nor audit tickets. Operational staff have written to the provider on numerous occasions regarding this matter and it is yet to be resolved. As consequence, officers from the Legal team have formally written to the provider in advance of potentially invoking the dispute resolution process.<br><u>Season Ticket Income</u> - Officers now have access to the system and are able to interpret the available information to monitor payments against permits. A spreadsheet is utilised to effectively monitor each permit/season ticket payment. Officers have indicated that this is implemented and a copy of the spreadsheet has been requested.<br><u>Cash collection contract monitoring</u> – as per car reconciliations above. |          |          |          |          |   |
| 2022/23 IT Cyber Security   | 2        | 1        | 0        | 3        | Incident Management Training and Cyber Risk Training<br>Original implementation date: 31.07.23<br>Password Guidance                         |



|  |          |          |          |          |  |
|--|----------|----------|----------|----------|--|
|  |          |          |          |          | Original implementation date 31.08.23<br>No revised dates have been agreed as yet as additional evidence has been requested.           |
| <p><u>Latest Status Update</u></p> <p><i>Incident Management Training</i> – Training course is booked for 21<sup>st</sup> November 2023.</p> <p><i>Cyber Risk Training</i> - Cyber security skills for ICT staff were reviewed at the annual appraisal process and any immediate training needs above the current level undertaken identified, this will be an ongoing process to meet emerging and changing threats.</p> <p>Password Guidance – The AD Password Policy has been updated. Officers have indicated that this is implemented, and a copy of the policy has been requested.</p> |          |          |          |          |  |
| <b>Interim Head of Regeneration and Development</b>  | <b>0</b> | <b>1</b> | <b>0</b> | <b>1</b> |  |
| 2022/23 Homelessness   | 0        | 1        | 0        | 1        | Procedures for the management of homelessness debt.<br>Original implementation date: 31.03.23<br>Revised implementation date: 31.07.23 |
| <p><u>Latest Status Update:</u></p> <p>Research has been undertaken to benchmark with neighbouring authorities, with an ESBC process to be the subject of a forthcoming EDR.</p> <p>Progress has been made in gathering examples, but have found it is rare for LAs to effectively manage this debt. There were no examples in Staffordshire, or South Derbyshire. One example from the London Borough of Brent was directed primarily towards debt arising from their regular housing stock but has the potential to be adapted.</p>  |          |          |          |          |  |
| <b>TOTAL</b>   | <b>3</b> | <b>6</b> | <b>0</b> | <b>9</b> |  |