

# WEST NORTHAMPTONSHIRE COUNCIL AUDIT & GOVERNANCE COMMITTEE

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**Report Title** Internal Audit Progress

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## Contributors/Checkers/Approvers

<b>DMO</b>	Sarah Hall	19/03/2024
<b>S151 Officer</b>	Martin Henry	15/03/2024

## List of Appendices

**Appendix A – Internal Audit 2023-24 Progress Update**

**Appendix B – Limited Assurance Report: Corporate Health & Safety**

**Appendix C - Management Progress Summary re Corporate Health & Safety Actions**

### 1. Purpose of Report

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- 1.1. To provide an update on work delivered by the Audit & Risk Service and progress against the Internal Audit Plan for 2023/24 up to 29 February 2024.

### 2. Executive Summary

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- 2.1. The Audit & Risk Management Service provides assurance that organisational controls are effective and adequately mitigating risk. We also provide counter fraud services, supporting the Council in preventing and investigating fraudulent activity.

### 3. Recommendation

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3.1 It is recommended that the Audit & Governance Committee consider and note the progress as summarised in this report.

### 4. Reason for Recommendation

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4.1 To ensure compliance with the practice and principles for audit committees set out in the CIPFA Position Statement for Audit Committees, which include responsibilities for overseeing and supporting the internal audit function.

### 5. Report Background

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5.1 This report summarises progress against the 2023/24 internal audit plan, draws attention to any limited assurance opinions that have been given, and also summarises the work of the Counter Fraud team and the Risk & Internal Controls team.

### 6. Issues and Choices

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#### Internal Audit Progress

6.1 A detailed progress summary is provided in Appendix A.

6.2 In terms of resources, a new Senior Auditor started in December, but unfortunately that person has handed-in their notice and another recruitment process has therefore commenced. There has also been further sickness absences within the team that have further reduced the resources available to deliver planned audits. As reported previously, additional external resource has been obtained to deliver some of the 2023/24 planned audit work.

6.3 Since the last progress update, the following final audit reports have been issued:

#### 6.3.1 Corporate Health & Safety

	Assurance
System Design	Limited
Compliance	Limited

As a limited assurance opinion has been given the full report is attached at Appendix B for information.

A progress summary from the service management is also attached at Appendix C.

#### 6.3.2 IT Disaster Recovery Follow-up

This was a follow-up of a previous limited assurance audit report originally issued in July 2022, which raised 7 'important' level recommendations with agreed original action dates between September 2022 and December 2023. The follow-up review determined that actions to implement all the recommendations were still in progress with measures being taken to achieve implementation by September 2024, and that all the actions are interconnected so that the completion of some is dependent on others. A further follow-up review will therefore be undertaken after September 2024.

6.4 The following table summarises amendments to the 2023/24 Audit Plan since the last Committee meeting in November 2023, all of which are audits that have been removed from the Plan:

<b>Audit Area</b>	<b>Update Notes</b>
IT Systems: Carefirst (limited assurance 22/23 formal follow up)	The follow up review was linked to the implementation of a new system, which will not now be implemented until 2024/25.
Council Owned Properties – Health & Safety	This will now be included in the 2024/25 Audit Plan as part of the proposed review of 'Property Management & Maintenance (WNC Assets)'.
Local Area Partnerships	This is not felt to be an area where an internal audit review would add any value at this point in time.
Contract Management – Leisure Services	This is not considered to be a high-risk area, and available audit capacity could be better utilised elsewhere.
Schools – Thematic Audit	This will now be included in the 2024/25 Audit Plan, which includes a proposed review focussing on 'Early Years'.
Rural Bus Services	This is not considered to be a high-risk area, and available audit capacity could be better utilised elsewhere.
Property Management – New Asset Management System (Concerto)	This was a consultancy support / advice review re the new software system, which is now being undertaken by the Internal Controls team rather than by Internal Audit.

### Implementation of Audit Recommendations (Actions Tracker)

6.5 A summary of the implementation status of the recommendations made by Internal Audit is set out in the table below:

Year	Total	Complete	%	Not Due / Extended	%	Overdue	%
2021/22	180	123	68	36	20	21	12
2022/23	50	21	42	12	24	17	34
<b>TOTAL</b>	<b>230</b>	<b>144</b>		<b>48</b>		<b>38</b>	

6.6 The classification of the 38 overdue recommendations (ie. without an extended agreed implementation date) is as follows:

**Essential:** 13  
**Important:** 23  
**Standard:** 2

6.7 A review of the overdue recommendations will be undertaken and any issues or concerns will be included in the next progress report to the Committee.

### **Counter Fraud Team Progress (April 2023 to February 2024)**

6.8 Housing investigations undertaken by the Counter Fraud Team are a combination of responsive Investigation work referred from the service staff or the public and proactive work supporting the service with known risk areas, mainly housing and right to buy applications. The following table summarises the 186 housing referrals investigated to date during 2023/24:

Case type	Cases closed	Advice given / no further action	Investigation Outcomes
Housing Tenancy Referrals	119	104	<ul style="list-style-type: none"> <li>10 properties recovered following investigations into 7 sublets, 1 right to buy, and 2 succession matters. According to Cabinet Office estimates this represents a £930k saving in total. These properties will be re-let to families in genuine need.</li> <li>A further 5 right to buy sales were due to be completed, but following investigation the tenant withdrew their application or cancelled.</li> <li>Recoverable debts totalling £29.6k were also identified during investigations, relating to housing benefits and council tax reductions.</li> </ul>

Housing & Homeless Applications Referrals	67	48	<ul style="list-style-type: none"> <li>• 19 housing or homeless applications were cancelled, withdrawn, or downgraded. According to Cabinet Office estimates this represents a £61.6k saving.</li> <li>• 2 of these were temporary accommodation properties which were recovered as they had been vacated / not used for purpose intended.</li> </ul>
<b>Total</b>	<b>186</b>	<b>151</b>	

6.9 123 various other non-housing related referrals have also been investigated, as summarised in the table below:

Case type / service	Cases closed	Investigation Outcomes
Revs & Bens	54	<ul style="list-style-type: none"> <li>• 5 single person discounts cancelled. At the average Band D rate this would represent an annual saving of £2.6k.</li> <li>• 3 council tax reduction discounts cancelled, and recoverable overpayments identified.</li> </ul>
Blue Badge / Parking matters	17	<ul style="list-style-type: none"> <li>• 1 warning letter issued.</li> <li>• 4 cases where advice was given.</li> <li>• 11 cases referred to the parking team and/or DWP for an eligibility review.</li> </ul>
HR / staff matters	18	<p>All staffing related matters are investigated in conjunction with HR colleagues.</p> <ul style="list-style-type: none"> <li>• 4 resignations following investigation and prior to disciplinary hearings.</li> <li>• 2 dismissals following investigation and disciplinary hearings.</li> </ul>
Finance	3	The referrals were investigated and no further action was required.
Grants (Homes for Ukraine)	6	A total of £4.2k in overpayments recovered due to failures to report changes in circumstances.
Adults - NASS	2	Both cases were referred to the service and no further investigation action was taken.
Childrens Trust (NCT)	23	21 cases referred to counter fraud by the No Recourse team to assist with their assessments for financial support. Credit checks and bank statements were reviewed for income and expenditure screening. A further 2 issues relating to direct payments and alleged theft were closed no further action following consultation with NCT.
<b>Total</b>	<b>123</b>	

## **Risk & Internal Controls Team Progress**

- 6.10 The Risk & Internal Controls team aids management with ensuring that robust internal control and risk management frameworks are in place by undertaking informal reviews or ‘health checks’, to identify areas where improvements to the internal control framework are required.
- 6.11 The team liaises with service areas to agree the scope of the review and then works with them to produce action plans for any areas where improvements are required, and continues to work with the service area to ensure that these improvements are implemented.
- 6.12 The team also deal with ad-hoc queries on business process and have been undertaking compliance monitoring on behalf of service areas for example, retrospective purchase orders.
- 6.13 Service areas the team have worked with, and are currently working with since the last Audit and Governance Committee in November 2023 include:

<b>Area</b>	<b>Details</b>
Council-wide	Refresh of the strategic risk register, and coordination of an initial Governance Health monitoring report (intended to be quarterly in future).
Finance	Monthly monitoring of GPC spend and retrospective orders, review of contract waivers, support with control account reconciliations, and for temporary accommodation finance.
Digital, Technology & Innovation	Management of external resource in relation to follow-up audits of Disaster Recovery and Cyber Security.
Transport	Commencement of support re Home to School Transport financial /budgetary processes.
Legal	Support re Inter Authority Agreements, and Land Registry query.
Place	Support re the implementation of the new Concerto property management system.

## **7 Implications (including financial implications)**

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### **7.1 Resources and Financial**

7.1.1 There are no resources or financial implications arising from the proposals.

### **7.2 Legal**

7.2.1 As a relevant authority under the Accounts & Audit Regulations 2015, the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

**7.3 Risk**

7.3.1 There are no significant risks arising from the proposed recommendations in this report.

**7.4 Consultation**

7.4.1 None required.

**7.5 Climate Impact**

7.5.1 None identified.

**7.6 Community Impact**

7.6.1 None identified.

**7.7 Communications**

7.7.1 None identified.

**8. Background Papers**

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8.1 None.