

WEST NORTHAMPTONSHIRE COUNCIL AUDIT AND GOVERNANCE COMMITTEE

Report Title **Internal Audit update**

Report Author **Jen Morris, Head of Audit and Risk Management**
Jen.morris@westnorthants.gov.uk

Contributors/Checkers/Approvers

West MO	Cath Whitehead	17 th January 2023
West S151	Martin Henry	13 th January 2023

List of Appendices

Appendix 1 – Internal Audit progress report 2022-23 – EXEMPT

Appendix 2 – Audit action tracker - EXEMPT

1. Purpose of Report

1.1 The purpose of this report is to provide an update on work delivered by the Internal Audit team up to 31 December 2022.

2. Executive Summary

2.1 The Internal Audit 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. Recommendations

3.1 It is recommended that the Committee receive and endorse this progress update.

4. Reason for Recommendations

- 4.1 The Audit and Governance Committee is responsible for:
- Providing independent assurance as to the Council’s governance, risk management framework and associated control environment;
 - Providing independent scrutiny of the Council’s financial and non-financial performance and oversee the Council’s financial reporting process

5. Report Background

- 5.1 We provide the Audit and Governance Committee with regular updates.

6. Issues and Choices

Internal audit and grant certification

- 6.1 A detailed progress report for audit activity and grant certifications is attached at Appendix 1 and summarised below.

Audit stage	
Not started	2
Planning stage	3
Fieldwork in progress	5
Draft report	6
Completed	17
Total	33

- 6.2 We continue to make good progress against the audit plan, both with audit assurance work and grant certifications. Since our last report we have issued a Limited assurance report relating to Taxi Licensing services, specifically relating to inconsistencies in the systems operated across the district licensing teams. We are aware that the service are working to update the policy and are monitoring this.
- 6.3 We are in the process of completing an interim report for the S106 process. This was initially an audit but in determining the terms of reference we identified that the service is still in a period of transition and a support report would better support service improvement. We have worked closely with service management and will continue to do so.

Audit actions

- 6.4 Upon audit sign off agreed actions are transferred to the action tracker (attached as appendix 2) and these actions are followed up with operational teams. We have a significant number of overdue actions (31%) and are working to establish the current status of these.
- 6.5 We currently have 164 actions on the tracker which fall into the following categories:

Classification		Essential action	Important action	Standard action
Completed	40	4	33	3
Not yet due (this would include recommendations where an extension has been agreed)	64	17	36	11
Transferred to follow up audit (all limited assurance audits to have a follow up planned, usually within 12 months)	9	5	3	1
Overdue - no management response received	51	6	40	5
Total	164	32	112	20

Counter fraud activity

- 6.6 A large proportion of our work is investigative either because of allegations notified to the team and the results of data matching activity. In 2022-23 we have received 165 referrals, with over 60% coming from employees of the Council. Many of our investigations relate to housing services and, where fraudulent activity is identified, the outcome is either housing applications being withdrawn, downgraded or refused, or properties being recovered.
- 6.7 We engage with the Cabinet Office National Fraud Initiative biannual data matching exercise and all required data has been submitted. Matches are due early in 2023 and we will evaluate these as they are received.
- 6.8 We have undertaken an NFI housing data matching pilot which has identified 177 potentially fraudulent matches. These have been investigated and no evidence of fraud has been found.

Team update

- 6.7 We are currently undertaking a review of the service to ensure that we are resourced effectively and can deliver financial savings to support the Council's 2023-24 budget.

7. Implications (including financial implications)

7.1 Resources and Financial

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

7.2 Legal implications

- 7.2.1 Internal Audit support the Council to meet its obligations under the Accounts and Audit Regulations 2015

7.3 Risk

- 7.3.1 There are no risks directly related to the service.

7.4 **Consultation**

7.4.1 No consultation is required

7.5 **Consideration by Overview and Scrutiny**

7.5.1 No Overview and Scrutiny comments

7.6 **Climate Impact**

7.6.1 There are not direct climate or environmental implications

7.7 **Community Impact**

7.7.1 There is no community impact

7.8 **Communications**

7.8.1 There are no recommended communications

8. Background Papers

8.1 Previous Internal Audit reports to Committee.