

**SOUTH STAFFORDSHIRE COUNCIL**

**AUDIT & RISK COMMITTEE – 6 FEBRUARY 2024**

**INTERNAL AUDIT PROGRESS REPORT**

**REPORT OF THE CHIEF INTERNAL AUDITOR**

**PART A – SUMMARY REPORT**

**1. SUMMARY OF PROPOSALS**

- 1.1 This report informs Members on the internal audit activity carried out since the Audit & Risk Committee held on 3<sup>rd</sup> October 2023.
- 1.2 This report provides scrutiny of the internal audit function during the year.

**2. SUMMARY IMPACT ASSESSMENT**

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	The delivery of the Internal Audit Plan provides management with assurances that their service objectives which support the Council's priorities are being achieved.  The work of Internal Audit covers those priorities contained within the Council's Plan 2020-2024
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	The delivery of the Internal Audit Plan and Counter Fraud Plan is not considered to have any adverse implications to equal opportunities and diversity policies.
SCRUTINY POWERS APPLICABLE	No	
KEY DECISION	No	
TARGET COMPLETION/ DELIVERY DATE	Delivery of the Annual Internal Audit Plan and Counter Fraud Plan 31/03/2024	
FINANCIAL IMPACT	No	There are no direct financial implications. The current costs of the Internal Audit Service are contained within the Medium Term Financial Strategy as are the costs of insurance covers to mitigate the cost of any financial loss arising from the failure of internal controls.

LEGAL ISSUES	Yes	<p>Section 151 of the Local Government Act 1972 The Accounts &amp; Audit Regulations 2015</p> <p>A sound system of internal audit, and monitoring of the same, assists in compliance with the above statutory duties.</p> <p>The results of Internal Audit's work feed into the Council's Annual Governance Statement.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	<p>Internal audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit will continue to align its work with the Strategic and Operational Risk Registers.</p>
IMPACT ON SPECIFIC WARDS	No	<p>No impact.</p>

## **PART B – ADDITIONAL INFORMATION**

- 3.1 This report updates the Audit & Risk Committee on Internal Audit activity carried out since the last Committee meeting on 3<sup>rd</sup> October 2023.

### **Progress Against the revised Internal Audit Plan and Counter Fraud Plan 2023/24**

- 3.2 As at 24<sup>th</sup> January, 32% of the Internal Audit Plan 2023/24 has been completed. A further 53% of the planned audit reviews are also in progress, including ongoing project support and advice in relation to the Viv-up employee benefits scheme. Remaining work is scheduled to be completed in Quarter 4 of the current financial year and preparations for these reviews is ongoing.
- 3.3 Since the last Audit & Risk Committee meeting held on 3<sup>rd</sup> October 2023, the following pieces of work have been finalised:
- Grant Verification – Disability Facility Grant (*Adequate Assurance*)
  - Cyber Security – Incident Reporting (*Substantial Assurance*)
- 3.4 In addition, the following pieces of work have been completed and are at draft report stage, with positive assurance opinions being awarded for each of these reviews:
- Digital Transformation – Customer Experience Improvement Programme
  - Treasury Management
  - IT Asset Management – End User Devices
- 3.5 In relation to the Counter Fraud Plan for 2023/24, a programme of Continuous Controls Monitoring (CCM) continues to be undertaken. CCM is a series of regular data matching/analysis exercises designed to identify 'red flags' that may indicate

fraud or error in the Council's databases, which leads to follow up enquiries by auditors. Review of data sets for the current financial year, up to the end of December 2023, have been undertaken. As part of the analytics work completed invoice records have been reviewed for potential duplicates with no adverse findings identified. As previously reported, absence data for the period to the end of December 2023 was provided and has been reviewed against Purchase Card activity to ensure that purchases have not been made during cardholder absence, this work has identified no exceptions to date and remains ongoing.

- 3.6 The Council takes part in the National Fraud Initiative ('NFI'). The NFI is a biennial data matching exercise, hosted by the Cabinet Office. In October 2022 data sets were uploaded to the Cabinet Office by the Council, including Payroll, Creditors, Council Tax, Housing Benefit, Housing Waiting List and Pensions data. The Cabinet Office runs analytics on the data sets to identify unexpected matches, duplicates and inconsistencies both within the Council's Data, and against other data sets (e.g. other Councils and DWP Deceased Person records), with the purpose of detecting fraud or error.
- 3.7 Internal Audit coordinate the investigation of the Council's matches and has referred matches to the relevant service areas for further investigation. This work is ongoing with the final outcomes to be reported as part of Internal Audit's Annual Outturn Report, to be presented to this Committee in June 2024.
- 3.8 As previously reported to the Committee, Internal Audit investigated a series of cash thefts at a leisure centre in June and July 2023. Evidence was obtained, and the matter promptly reported to Police. An internal disciplinary investigation was instigated, however, the individual resigned from their position with the Council prior to its conclusion. Whilst the Council's internal investigation is now considered closed, the Police investigation is still in progress, the outcome of which will be reported to this Committee at a future meeting.

#### **Other Activities**

- 3.9 The Internal Audit Manager continues to meet with the Director of Finance (S151 Officer) and the Director Legal & Governance (Monitoring Officer) on a regular basis.

#### **4 IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

- 4.1 None identified.

#### **5 PREVIOUS MINUTES**

- 5.1 Not Applicable.

#### **6 BACKGROUND PAPERS**

- 6.1 Not Applicable

## **7. RECOMMENDATIONS**

7.1 To note the internal audit activity to date.

Report prepared by: Susan Bluck  
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24 January 2024