

Eastern Internal Audit Services



North Norfolk District Council

Progress Report on Internal Audit Activity

Period Covered: 27 November 2020 to 26 February 2021

Responsible Officer: Faye Haywood – Internal Audit Manager for North Norfolk District Council

CONTENTS

1. INTRODUCTION.....	2
2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN	2
3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK	2
4. THE OUTCOMES ARISING FROM OUR WORK	2
5. PERFORMANCE MEASURES	3
APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK.....	5
APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES	6

1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
 - Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from those audits; and
 - Performance to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 4 August 2020 the revised Internal Audit Plan 2020/21 for the year was approved due to unprecedented circumstances surrounding the Coronavirus Pandemic. Since the last Committee meeting there has been no further changes made to the revised internal audit plan.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary 101 days of programmed work has been completed, equating to 70% of the revised Internal Audit Plan for 2020/21.
- 3.3 The Executive Summary of all reports finalised in this period can be found at **Appendix 2**.

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage

risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

- 4.4 During the period covered by the report four Internal Audit reports have been finalised as details by the table below;

Audit	Assurance	P1	P2	P3
Corporate Governance	Reasonable	0	3	2
Council Tax and NNDR	Substantial	0	0	0
Local Council Tax Support Housing Benefit	Reasonable	0	1	2
Cromer Sports Hub Project	No Assurance	6	4	0

The Executive Summary of these reports are attached at **Appendix 2**, full copies can be requested by Members. The Executive Summary for the Cromer Sports Hub Project is reported later in the agenda.

- 4.5 As can be seen in the table above as a result of these audits 18 recommendations have been raised and agreed by management.
- 4.6 In addition to the above, a position statement has been concluded in Procurement and Contract Management. Improvement actions have been suggested and accepted by Internal Audit. The executive summary of this report can be found at Appendix 2.
- 4.7 We have also finalised the results of our assurance mapping exercise undertaken in quarter two. Since concluding this piece of work, it has been used by the Internal Audit Team to consider risks and additional testing requirements for audits included within the 2020/21 plan, including the Coronavirus Response and Recovery review, which is currently in progress. It will also be used for 2021/22 internal audit planning considerations.

5. PERFORMANCE MEASURES

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA is reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.
- 5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Internal Audit Manager to ensure that appropriate action is taken.

- 5.3 A report on the performance measures has been provided to the Head of Internal Audit. Delays have been experienced in finalising quarter 3 reports. Payroll HR and Accounts Payable are now overdue following resource challenges. The Internal Audit Manager and TIAA are in regular discussion about resolving any delays experienced and quarter four of the revised 2020/21 Internal Audit plan is now well underway.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
TOTAL		0	0	0							
Quarter 2											
Assurance Mapping	NN2101	8	8	8	Final report issued 26 February 2021						Mar-21
TOTAL		8	8	8							
Quarter 3											
Corporate Governance	NN2102	4	4	4	Final report issued 6 January 2021	Reasonable	0	3	2	0	Mar-21
Accounts Payable	NN2103	12	12	9	Fieldwork complete						
Council Tax and NNDR	NN2104	15	15	15	Final report issued 16 February 2021	Substantial	0	0	0	0	Mar-21
Local Council Tax Support and Housing Benefit	NN2105	15	15	15	Final report issued 3 February 2021	Reasonable	0	1	2	0	Mar-21
Payroll and HR	NN2106	15	15	12	Fieldwork complete						
Procurement Contract Management	NN2107	10	10	10	Final report issued 10 February 2021	Position Statement					Mar-21
Addition Crommer Sports Hub	NN2112	8	8	8	Final report issued 26 February 2021	No Assurance	6	4	0	0	Mar-21
TOTAL		79	79	73							
Quarter 4											
Key Controls and Assurance	NN2108	10	10	5	Fieldwork underway						
Coronavirus Response and Recovery	NN2109	15	15	10	Fieldwork underway						
Private Sector Housing DFG	NN2110	10	10	1	APM issued						
Addition - CPR review	NN2113	8	8	1	APM issued						
TOTAL		43	43	17							
IT Audits											
Remote Access	NN2111	10	10	1	APM issued						
TOTAL		10	10	1							
Follow Up											
Follow Up	NA	5	5	2							
TOTAL		5	5	2							
TOTAL		145	145	101			6	8	4	0	
Percentage of plan completed				70%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Mapping NN/21/01

Executive Summary

INTRODUCTION

1. This review of Assurance Mapping was carried out between September and November 2020 as part of the planned internal audit work for 2020/21.
2. The outcomes of the Assurance Mapping will inform the audit planning for 2020/21 and 2021/22, with regards to the impact of COVID-19 and associated risks identified by management and from our knowledge on the delivery of services since the outbreak.
3. We have identified three possible outcomes following our risk assessment on management assurances:
 - 3.1 No additional internal audit work is warranted in the area in 2020/21
 - 3.2 Risks have been identified that require specific review in relation to an audit already scheduled.
 - 3.3 Risks have been identified that are deemed to require review and are not scheduled in the current audit plan, for management to consider for inclusion in the 2020/21 plan or is less urgent and should be considered in the 2021/22 plan.

SCOPE

4. The objective of the review was to undertake a fact-finding exercise, by issuing questionnaires to relevant management asking them to detail the impact of COVID-19 on their service, how this has impacted on service delivery, resources, sustainability and risk mitigation for the Council. In addition, to scrutinise management reporting on service areas and risk to ascertain whether this aligns with the management of service areas and our knowledge of the issues and risks. The questionnaire covered a comprehensive set of wide ranging questions which include ascertaining the key changes in the department/service; if provision of services can be continued in the short and long term; how risks are being managed; and the effect on service performance. A copy of the full questionnaire is included in appendix 4.
5. This review provides an overview of the Council's response at a point in time. It is recognised that, due to the continuously changing situation, some of the points raised and risks identified will have been superseded in the intervening period.

MATERIALITY

6. Councils carry out a wide range of regulatory roles in meeting their many statutory duties of protecting the public, individuals and the environment. These duties are met using a wide range of activities. During the initial outbreak resources were directed to frontline services, alternative working practices were engaged and service delivery going forward has major impacts.

KEY FINDINGS

7. Responses to our fact finding questionnaire for this review were received from a number of directorates across the Council and these, along with scrutinising the Council's recovery and delivery plans from the initial outbreak and continuing pandemic, have been used to formulate a risk assessment and in setting the scope and objectives with audits included in this year's revised audit plan. This has provided insight into where additional audit testing is required, where there are considerations for the following financial year and where relevant management assurances provide levels of assurance over non key areas.
8. Considerable work has been undertaken to identify and coordinate the areas that require some level of scrutiny and to ascertain the best way to undertake this. The majority of the outcomes from this review feature in the review of NN2109 Coronavirus Response and Recovery audit that commenced in January 2021, where a detailed Position Statement will be produced providing management with the Council's current position in responding to the Covid-19 pandemic. Other risks identified by this exercise will be subject to scrutiny within individual service area audits where relevant.
9. The majority of the COVID-19 changes and associated risks identified by officers can be addressed within this year, or next year's audit plans. There is one area for North Norfolk District Council that could be considered for review in the 2021/22 Internal Audit Plan.
 - 9.1 Business Planning and Performance Management. It is noted that the Council has had to produce recovery plans and revised delivery plans to address reduced income, increased costs and changes in ability to meet key performance targets. These, and associated updates, have been reported to Cabinet members. The proposed work could cover:
 - Review of 2020/21 plans to ensure that the Council meets its statutory financial duties
 - Review of performance against 2020/21 targets to ensure that the Council meets its statutory duties and associated targets
 - Review of performance management regimes and (proposed) change to performance metrics to reflect the impact of COVID-19 to ensure that they are realistic and meet required targets/levels
 - Revision to plans for 2021/22 onwards to ensure that the Council meets its statutory duties

10. Other areas put forward to be considered for inclusion within the 2021/22 audit plan are as follows:
 - Corporate Governance – the usual annual audit to include the Councils investigation into the potential to hold hybrid meetings, for meetings not covered by Government statute that expire on 6th May 2021;
 - A review of both Customer Services and of Economic Growth are already planned for 2021/22. It is important that these go ahead to evaluate the impact of the pandemic and the Council's response; and
 - A review of Waste Management Services was deferred to 2021/22 and it is important that this review goes ahead. A new contract for Waste and Related Services was jointly procured with Breckland, Kings Lynn Borough and West Norfolk Councils and awarded in December 2019. The contract went live on 06 April 2020 and the Councils and the Contractor had to work together to overcome the significant challenges of the pandemic.

11. A summary of all the outcomes of the review are detailed in the table below. Please see Appendix 2 for a list of those who were able to return their questionnaires and do appreciate that this work was being undertaken at a time when all officers were incredibly busy.

SUMMARY OF OUTCOMES - CONSIDERATIONS FOR, AND IMPACT ON, THE INTERNAL AUDIT PLAN

Area	Observations	Internal Audit Coverage
Overarching	<p>The overarching governance of the Council is paramount to meeting the Council's overall objectives throughout the pandemic, from mobilising resources to respond to the initial outbreak, to plans for longer term management. The following observations were made by officers or identified in the recovery plans as risks or useful context for future audit work:</p> <p>The Council response was led by Gold (strategic) and Silver (operational) Command. During the first lockdown significant assistance was provided to vulnerable and shielding residents. This included provision of food parcels, companion calls by members and provision of telephone advice and assistance.</p> <p>A high level review of the Corporate and Delivery Plans was undertaken and reported to Cabinet and Senior Leadership Team.</p> <p>Recovery plans have been reported to Cabinet and Full Council with a full assessment of risks and issues. A separate COVID risk register has been established.</p> <p>An updated Performance Report was presented to Cabinet Oct 2020.</p> <p>The majority of staff have been and still are working from home.</p>	<p>The 2020/21 Coronavirus Response and Recovery audit (NN2109) will focus on providing assurance on the robustness of the Emergency Response Plan and ascertain whether consideration has yet been given to return to BAU.</p>
Finance, Revenues and Property Services	<p>The Councils' finances have been impacted by the pandemic, in terms of both reduced income and increased expenditure. Covid-19 financial monitoring has been undertaken and financial returns have been submitted to government. The medium term financial position has changed and this has been reported to members.</p> <p>There is a forecast deficit of £0.4m for 2020/21. This is compiled of a £3m budget deficit, reduced by £2.4m government funding and £0.2m funding from reserves.</p> <p>The impact of COVID on finances includes reduction in debt recovery, especially as courts closed during COVID. Costs increased, income and investments reduced. Initial and longer term reductions in Council Tax and NNDR income have been of significant impact.</p> <p>In order to manage remote working and to ensure resilience during potential staff sickness authorised signatory level changes were agreed by S151 Officer.</p>	<p>The 2020/21 Coronavirus Response and Recovery audit (NN2109) will focus on providing assurance on the robustness of the Emergency Response Plan and ascertain whether consideration has yet been given to return to BAU.</p> <p>In addition, specific risks and changes to controls will be reviewed during the 2020/21 Key Controls and Assurance work</p>

Area	Observations	Internal Audit Coverage
Procurement and Contract Management	<p>The Procurement function provides support to services on procuring goods and services. During the pandemic there has been a need for some procurement exercises to be completed expediently, while others have been delayed. The following observations were made by officers or identified in the recovery plans as risks or useful context:</p> <p>Contractual arrangements are being fulfilled; however there has been an Impact of closure of facilities on contracts and income received.</p> <p>Three highly significant contracts have recently been re-procured (Cromer Pier Management, Leisure and Waste). The Waste Contract went live on 01.04.20 and required extremely close Council/Contractor working to mobilise services.</p>	<p>The Procurement and Contract Management (NN2107) review includes consideration of support offered and given to the Waste Management, Cromer Pier Management and Leisure.</p>
Benefits	<p>The Benefits Service provides support to those residents who require additional financial help via Housing Benefit, Council Tax Support, and Discretionary Housing Payments. The massive disruption brought on by Covid-19 has left a considerable number of households in financial difficulty and a significant number of people are claiming benefits for the first time. While full services remained in place during the pandemic the following were identified by officers;</p> <p>The Benefits Service has improved its digital channels and the service is encouraging contact by digital means where possible. For customers who do not have access to IT, officers have set up the provision of making a claim over the phone with a Benefits Officer.</p> <p>The additional workload has been significant and has been covered by staff working additional hours as well as support from the Customer Services Team.</p> <p>In line with the DWP advice (March 2020) officers adopted the principle of 'Trust and Protect. Payment verification was paused and retrospective verification now needs to be completed.</p>	<p>The 2020/21 Local Council Tax Support and Housing Benefit Arrangements (NN2105) considered procedures and legislation, assessment of applications, overpayments, backdated claims and reconciliations.</p>
Democratic Services	<p>Democratic Services play a vital role in ensuring that the Council acts responsibly throughout the pandemic and that correct protocols and delegations have been followed, whilst seeing a surge in workloads and responsibilities. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>There were changes in the way committee meetings operated, being held remotely and available virtually to the public.</p> <p>There were Increased use of delegated powers particularly initially when the virtual meeting legislation and arrangements were being established.</p>	<p>The 2020/21 Corporate Governance audit (NN2102) documented and risk assessed changes in controls that have taken place in response to the coronavirus pandemic, particularly in relation to changes to committee meetings, decision making during the pandemic; use of emergency decisions; and adherence to the Constitution</p>

Area	Observations	Internal Audit Coverage
	<p>Legal experts were engaged to help with particular contract management matters in relation to the leisure contract.</p>	
IT	<p>The IT service has been essential in enabling remote working and providing technological support to enable the continued delivery of other services across the Council. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>The longer term impact on IT resources, including supporting increased remote working, will need to be assessed.</p> <p>Maintaining a reliable and responsive support service for staff who are home working is a priority. There has been a rota for onsite presence in the IT support team.</p> <p>There have been a number extraordinary capital purchases (pc & networking equipment) and revenue (mobile call/data costs, software enhancements) which have all been appropriately flagged with the C19 finance activity code for recovery/management by Finance.</p>	<p>The 2020/21 audits on Coronavirus Response and Recovery (NN2109) and Remote Access (NN2111) will provide assurance over the arrangements for remote working and the long term implications for the IT service.</p>
Economic and Community Development	<p>Economic and Community Development is a key area for the Council in terms of moving from the response to the recovery period. The following observations were made by officers or identified in the recovery plans as risks, or useful context:</p> <p>Flexible and adaptable procedures were established to maintain service levels. This included increased use of delegated powers.</p> <p>Performance was impacted by increased workloads and difficulty planning ahead. The economic impacts (on the local community and economy) have still to be felt.</p> <p>As referenced in the 'Overarching' section above, a high level review of the Corporate and Delivery Plans was undertaken and reported to Cabinet and Senior Leadership Team.</p> <p>Measures may need to be reviewed/ adapted to account for economic impacts, once know.</p> <p>External grants have been won to assist with economic recovery.</p>	<p>The 2020/21 Coronavirus Response and Recovery audit (NN2109) will focus on providing assurance on the robustness of the Emergency Response Plan and ascertain whether consideration has yet been given to return to BAU.</p> <p>The 2020/21 Corporate Governance audit (NN2102) included review and control over decision making during the pandemic; use of emergency decisions; and adherence to the Constitution.</p>
Leisure	<p>This is part of the remit of the Head of Economic & Community Development. There was a significant impact on contractual terms and income due to closure of facilities and events.</p>	<p>The 2020/21 Coronavirus Response and Recovery audit (NN2109) will focus on providing assurance on the robustness of the Emergency Response Plan and ascertain whether consideration has yet been given to return to BAU.</p>

Area	Observations	Internal Audit Coverage
		The contractual matters were considered in the 2020/21 Procurement and Contract Management Audit (2107)
Localities	This is part of the remit of the Head of Economic & Community Development. There has been a significant impact due to the closure and re-opening of facilities including the cost and impact of the need for COVID-secure practices to be put in place.	The 2020/21 Coronavirus Response and Recovery audit (NN2109) will focus on providing assurance on the robustness of the Emergency Response Plan and ascertain whether consideration has yet been given to return to BAU.
Health and Wellbeing	<p>This is part of the remit of the Head of Economic & Community Development.</p> <p>A major impact on services was caused by the close involvement of staff in the implementation of the Covid community response effort. Staff were redeployed into the response team to help meet the needs of significant numbers of vulnerable residents.</p> <p>Wellbeing officers and social prescribing team unable to make home visits which disrupted the work significantly.</p>	The 2020/21 Coronavirus Response and Recovery audit (NN2109) will focus on providing assurance on the robustness of the Emergency Response Plan and ascertain whether consideration has yet been given to return to BAU.
HR and Payroll	<p>Officers of the Council are crucial to ensuring an effective response to the pandemic. The HR department has an important role in ensuring the health and wellbeing of staff. Initial indications are, with staff able to work remotely the workforce is effective. The following observations were made by officers or identified in the recovery plans:</p> <p>Majority of staff worked from home and continue to do so. IT connectivity, equipment etc. was initially an issue with some additional resource requirements.</p> <p>Managing wellbeing and supporting staff during home working is a Council Priority.</p> <p>There has been a significant Increase in overtime and associated costs which will be managed through the normal budget monitoring process.</p>	<p>The 2020/21 Coronavirus Response and Recovery audit (NN2109) will focus on providing assurance on the robustness of the Emergency Response Plan and ascertain whether consideration has yet been given to return to BAU.</p> <p>In addition, specific risks and changes to controls will be reviewed during the 2020/21 Key Controls and Assurance work.</p> <p>Consideration be given to HR areas in 2021/22 audit plans for working practices, sickness absence, wellbeing and performance.</p>

Assurance Review of the Corporate Governance Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Adherence to the Constitution	0	2	1	0
Changes to Committee Meetings	0	1	1	0
Total	0	3	2	0

*No recommendations have been raised in respect of Decision Making during the Pandemic or Use of Emergency Decisions.

SCOPE

A review of Corporate Governance has been completed, in particular covering the Council response to Covid-19 in the administration of committee meetings, including virtual meetings and the decisions made by those committees. The review of Corporate Governance is carried out annually to support the Head of Internal Audit Opinion.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable', in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- A direction of travel is not provided since the scope of the previous review focused on General Data Protection Regulations (GDPR).

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Decisions taken during the COVID-19 pandemic were in accordance with the Local Authorities and Police and Crime Panels Regulations 2020 and in accordance with the Constitution. The powers used during officer delegations demonstrates good practice by Council officers.
- The Constitution was amended to reflect the regulations, and allow for virtual meetings and decision making.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where three 'important' recommendations have been made.

Changes to Committee Meetings

- Where agenda items impact on the governance of the meeting, they are considered first on the agenda.

Adherence to the Constitution

- The Emergency Response and Business Continuity Plans are reviewed and revised in light of the COVID-19 response requirements.
- Management of conflicts of interest is enhanced to ensure that Members comply with the Code of Conduct and provide assurance that conflicts are fully managed in meetings.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Changes to Committee Meetings

- A revised programme of meetings is published on the Council's website.

Adherence to the Constitution

- If there is lack of agreement when consulting a member on a delegated decision, the matter is resolved via the Disputes Resolution Process.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

Previous internal audit recommendations were not relevant to this review and were out of scope with the previous review having focused on General Data Protection Regulations (GDPR). Progress with monitoring implementation will continue to be monitored through our cyclical follow up checks.

Assurance Review of Council Tax and National Non-Domestic Rates (NNDR)

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Total	0	0	0	0

No recommendations have been raised in respect of any area within the scope of this audit.

SCOPE

The review included coverage of system parameters, collection of income, reconciliations, refunds and transfers, arrears and discounts, exemptions and reliefs.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of no recommendations being raised upon the conclusion of our work.
- The previous audit of Council Tax and NNDR (NN/19/07) was completed in January 2019 with a 'Substantial' assurance opinion, as a result of one 'needs attention' recommendation being raised. This indicates that the control environment has improved since the previous audit.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The revenues and benefits system is configured so that officers can only access parts relevant to their role. User access is reviewed on a monthly basis to ensure access levels are up to date and leavers promptly removed.
- System parameters and data are checked and tested as part of the annual billing process, to ensure that all changes have been made correctly and accurate bills are produced.
- Payments received for Council Tax and NNDR are reconciled on a daily basis, to ensure that all payments received have been allocated correctly.
- Refunds are processed on a weekly basis and all refunds reviewed by a Team Leader prior to payment, to ensure that they are legitimate and appropriate.
- Discounts, exemptions and reliefs are awarded based on written applications with supporting evidence as necessary, to ensure that all awards are in accordance with policy and legislation.
- Quality assurance sample checking is undertaken on all officers' work, including 100% checks for new staff, to ensure accuracy and to identify potential training needs.

ISSUES TO BE ADDRESSED

No recommendations have been raised following this review.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit of Council Tax and NNDR (NN/19/07) raised one 'needs attention' recommendation, which has subsequently been confirmed as implemented. Key controls for Council Tax and NNDR are also tested annually, through the Key Controls and Assurance audit review. The previous review of Key Controls and Assurance (NN/20/11) was completed in March 2020 and did not raise any recommendations relating to Council Tax and NNDR.

Other points noted

The service has been able to deliver the programmes of grants to business from central government, with two members of staff dedicated to this and others supporting as required. In order to manage the workload resulting from this, officers have been working additional hours and three temporary officers have been recruited to support with day-to-day work.

During audit testing it was identified that there were some delays in completing routine tasks, such as processing changes of address and setting up Direct Debits, at the beginning of the year. This is attributable to resources being diverted to processing business grants at that time. As the performance is now back at normal levels, a recommendation has not been raised.

The Council's collection rate for Council Tax is lower than in previous years and is currently below target. This is due to increases in arrears and restrictions on recovery that were in place for the first half of the year, as a result of the coronavirus pandemic. The financial impact of this has been reported and recovery action has now resumed. As this is outside the Council's control, a recommendation has not been raised.

The Council is on target for collection of NNDR, although it is noted that the total amount of NNDR to collect is lower than in previous years due to the expansion of business rate reliefs, in particular the 100% relief for retail and hospitality premises, in 2020/21.

Assurance Review of the Local Council Tax Support and Housing Benefit Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Overpayments, arrears and write offs	0	0	2	0
Reconciliations	0	1	0	0
Total	0	1	2	0

* No recommendations have been raised in respect of legislation, procedures and systems, assessment of applications, backdated claims, payment authorisation and quality assurance.

SCOPE

The objective of the audit was to review the systems and controls in place within Housing Benefit and CTS, to help confirm that these are operating adequately, effectively and efficiently. The review will include coverage of procedures and legislation, assessment of applications, overpayments, backdated claims, reconciliations and quality assurance.

RATIONALE

- The systems and processes of internal control are, overall, deemed "Reasonable" in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous report (NN/19/08) was issued in February 2019 with a "Substantial" assurance having not raised any recommendations. This represents a change in the direction of travel since the previous review.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Training programmes are in place for new and existing staff, to ensure that their knowledge and skills are up to date.
- Annual uplifts are entered, reviewed and tested prior to the beginning of the year, to ensure that applications are assessed and paid correctly.
- Despite increased demand as a consequence of the Covid 19 pandemic, new claims and changes are assessed in a timely manner, with all necessary evidence retained, to ensure that claimants receive what they are entitled to.
- Overpayments of benefit are monitored to ensure that they are being promptly recovered.
- Claims for backdating are assessed in line with legislative requirements and reasons for decisions are recorded, to ensure that backdates are appropriately awarded.
- Quality checks are undertaken on a daily basis and monitored for correction, to ensure that claim administration is as accurate as possible.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where one 'important' recommendation has been made.

Reconciliations

- The benefits system reconciliations to be completed promptly following each month end.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Overpayments, arrears and write offs

- Monthly reconciliations to the general ledger to be reviewed promptly with evidence retained of the date of independent review.
- Policies and procedures relating to Overpayments, Arrears and Review to be reviewed annually and updated, if necessary.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous report (NN/19/08) was issued in February 2019 with a "Substantial" assurance having not raised any recommendations. No recommendations were raised in respect of Housing Benefits and Council Tax Support in the previous report of Key Controls and Assurance (NN/20/11) finalised September 2020.

Other points noted

Testing of debt write offs identified instances where there was no segregation of duties between requesting, authorising and auctioning write offs. All of these were within the delegated authority of the officer. This has been raised in previous audits of Housing Benefit and Council Tax Support, and the Council continues to accept this risk.

Reports for outstanding overpayments had not been completed due to Covid-19. However they were shown to have been undertaken in November 2020 and an automated process of these reports being reviewed was explained to be in place from February 1st 2021, therefore this has not been raised as a recommendation.

Executive Summary NN2107 Procurement and Contract Management Position Statement

INTRODUCTION

10. This review was carried out in November 2020 as part of the revised internal audit plan for 2020/21.

SCOPE

11. This review evaluated the Council's ability to monitor contracts in place during the Pandemic and during recovery. We have provided a Position Statement to the senior management of the Council about work that the Council has undertaken on the impact that the pandemic may have had on third parties ability to deliver services for the Council and key projects.

12. The objective of the audit was to review the systems and controls in place within Procurement and Contract Management, to help confirm that these are operating adequately, effectively and efficiently. The audit covered:

12.4 The Council's ability to monitor current contract terms and their implications for the Council (e.g. financial, service provision) during the pandemic;

12.5 Review of current contract procurement arrangements to determine any impact as a consequence of the pandemic;

12.6 Review current contracts nearing expiration to ensure adequate provision is considered; and

12.7 Review of contingency planning for short and longer term contract management.

MATERIALITY

4. The published contracts register includes 121 contracts with a total value in excess of £34.7million.

KEY FINDINGS

5. Outcomes of the review are detailed in Table 1 below.

AUDIT OBSERVATIONS

6. The audit has concluded with a number of suggested actions / improvements presented to management for consideration. These will help management to work towards ensuring compliance with regulation and Contract Standing Orders, and robust ongoing support and management of contracts.

Key suggested actions / improvements include:

- That an updated procurement strategy is written which takes into account any changes required as a result of COVID.
- That management risk assess the ability of contractors to continue provision in light of the ongoing current economic challenges. This could be incorporated within business planning work currently underway.

- That management review and update the Business Continuity Plan and other relevant policies in light of the COVID response, including reference to review of contracts.
- That the Procurement Portal passwords are changed regularly, suggest quarterly.
- That the current risk register is published on the Council's website.
- That a pragmatic and feasible process for regular review of 'off contract' spend is agreed. Consideration to be given to including the contracts register, and mechanisms for automatically identifying 'off contract' payments within the scope of the new finance system.
- That the contracts register is brought up to date with immediate effect.
- That Exemptions to Contract Standing Orders (CSOs) are agreed for all exemptions i.e. applied in accordance with correct procedure / criteria.
- That the Procurement Officer works proactively with the key officers / contract managers, to agree action for contracts prior to expiry.
- That Exemptions are only agreed in line with the CSOs. This to be clearly indicated on the authorised Exemptions Form and noted in a separate column on the Contracts Register.
- That the Council ensures that any changes to the Constitution are in accordance with Procurement regulations and best practice.
- That the Procurement Officer works with the Legal and Democratic Services Team to identify all procurement and contract exemptions for 2020/21.
- That the Procurement Exemptions Form is amended to require evidence that the Procurement Officer has seen the form, and agrees/does not agree the exemption is appropriate. This to be considered when the form is agreed by Senior Management.
- That the Procurement Exemptions Register is reported to the relevant committee quarterly for scrutiny.
- That the Council consider options for agreeing reciprocal arrangements with neighbouring Local Authorities to cover for key functions.