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Chelmsford City Council

Audit & Risk Committee

14<sup>th</sup> December 2022

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## Internal Audit Interim Report 2022/23

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Report by:

Audit Services Manager

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Officer Contact:

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### Purpose

This report summarises the work that Internal Audit has undertaken from April to November 2022 and provides detail on the high risk and priority issues which could impact on the effectiveness of the internal control environment, risk management and governance arrangements across the Council.

### Recommendations

Committee are requested to note the contents of this report.

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### 1. Introduction

1.1. The audit plan for 2022-23 was approved by Audit and Risk Committee in March 2022.

1.2. Current resourcing is as follows:

- 1.0 FTE – Audit Services Manager
- 1.5 FTE – Senior Auditor

1.3. We are on track to complete the audit plan by end of March 2023, taking into consideration any high priority/urgent pieces of work which require accommodation, as discussed and agreed with management.

## 2. Conclusion

- 2.1. The Internal Audit Interim Report 2022/23 is attached for Audit & Risk Committee to note.

List of appendices: Internal Audit Interim Report 2022/23

Background papers: None

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### Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Risk Committee, management and outside parties (e.g. External Audit) on the adequacy and effectiveness of governance, risk management, and control process for Chelmsford City Council.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: Noted by Management Team November 2022

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Relevant Policies and Strategies: None

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## Audit Output Summary: April to November 2022

### a) Counter Fraud Activity

Two external frauds affecting two separate services have recently been identified totalling approximately £35,000. One related to a successful external phishing attack which led to an erroneous change of bank details. The other is being externally investigated and dealt with by the appropriate authorities, which may lead to criminal charges.

Internal Audit have undertaken reviews into the circumstances of both incidents to assess whether any improvements are required to strengthen the control environment.

In addition, the Council's Counter Fraud Strategy has been refreshed with an associated plan detailing the actions required to deliver it successfully and ensuring that the Council's internal control measures are effective in either preventing fraud and corruption or, where this is not possible, that a consistent and effective approach to tackling fraud and corruption is in place.

### b) Work Completed

Report Title	Key Issues Arising
Car Parks	There were no critical/high priority findings identified. Four medium priority findings relate to central recording of health and safety training, income reconciliations and season ticket administration.
Grants Sign-Off	Internal Audit have carried out audit testing and review to ensure that the conditions attached to the Government COMF Test and Trace and TTSP (Test and Trace Support Payments) were complied with. No issues were noted.
Housing Allocations Follow-Up (Moderate Assurance)	In the previous report, two medium recommendations were made. Our follow-up audit noted that one recommendation relating to policy variations had been partially implemented; and one recommendation relating to management information has not yet been implemented and is in progress.
CiL/S106 Contributions Follow-Up (Moderate Assurance)	In the previous report, one medium priority recommendation was made. Our follow-up review noted that the agreed action was completed, and the recommendation has been fully implemented.

**c) Audit Plan - Work in Progress as at November 2022**

Audit Title	Status
Grants Received	Management Letter relating to the Council's arrangements for managing external Grant Income. Management Comments received. Final Report due December 2022.
On street parking and enforcement	Indicative Moderate Assurance. Final Report due December 2022.
Chelmsford Museum	Management Letter relating to the Council's arrangements for the Museum. Final Report due December 2022.
Cheques Advice	Management Letter relating to the Council's arrangements for handling received cheques. Final Report due December 2022.
Leisure Centres	Final Report due December 2022.
Mayor Office Follow Up (Moderate Assurance)	Final Report due December 2022.
Health and Safety Follow Up (Moderate Assurance)	Final Report due December 2022.
Community Funding Scheme Follow Up (Substantial Assurance)	Final Report due December 2022.
Theatres	Phased control design and assurance work (December to March 2023) timed as appropriate before and after re-opening, reviewing the processes for Theatre income collection and expenditure.
Council Tax Base	To review the Council's process for calculating the Council tax base, including database management for new developments. Draft Report due December 2022.
Environmental Health	To review the operational and financial management arrangements in place for Environmental Health. Draft Report due January 2023.
Project Management Governance	Review of the Council's framework for managing projects, including benefits realisation. Draft Report due January 2023.

**d) Work Scheduled to 31st March 2023**

<b>Audit Title</b>	<b>Indicative Scope</b>
Use of Agency Staff	Follow-up of previous limited assurance review.
Temporary Accommodation	Review of the Council's arrangements for Temporary Accommodation, including procurement and monitoring of providers.
Key Financial Systems 2022/23	Scope TBC. To include Purchase Cards
Corporate Property & Asset Management	Review of Council's Corporate Property and Asset Management process, including maintenance of property records.
Volunteers	Review of cross-service compliance with the Council's new Volunteering Policy developed in 2021.
Business Continuity/ Emergency Planning	Scope TBC
Climate Emergency Action Plan	Review of the Council's measures for responding to the Climate Change Emergency and its framework for reporting progress.
OCOP Monitoring	Review of the Council's performance monitoring framework against the Corporate Plan; including reporting and monitoring actions.
Cyber Security Accreditation	Ad-hoc support and advice as required during Council's roadmap and self-assessment for IASME Cyber Assurance standard.