

Cotswold District Council

Report of Internal Audit Activity

October 2024

Contents

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Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

Internal Audit Definitions

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- **No**
- **Limited**
- **Reasonable**
- **Substantial**



Audit Framework Definitions

Control Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Internal Audit Definitions

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.



Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Summary of Audit Findings

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Appointment of Consultants	Final Report	Mid Reasonable	2	-	1	1	Report Included
Operational	Accounts Payable – Qtly Review – 2023/24	Final Report	High Substantial	0	-	-	-	Report Included
Operational	Emergency Planning	Draft Report						
Governance	Data Protection / Breaches	Draft Report						
Operational	Section 106s	Draft Report						
Operational	Community Infrastructure Levy	Draft Report						
Operational	Human Resources	Draft Report						
Operational	Members Allowances and Expenses	Draft Report						
Operational	Levelling Up Funding – UKSPF and RESF	Draft Report						
Follow-Up	Procurement Cards	In Progress						
Follow-Up	Taxi Licensing Safeguarding	In Progress						
Operational	Planning Fee Obligations	In Progress						
Core Financial	Payroll	In Progress						
Key Financial Control	Revenues and Benefits – Council Tax and NNDR	Ready to Start						

Summary of Audit Findings

APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Key Financial Control	Revenues and Benefits – Council Tax Benefit and Housing Benefits	Ready to Start						
Governance	Data Retention	Ready to Start						
ICT	3 rd Party ICT Outage	Ready to Start						
ICT	Disaster Recovery – Revenues and Benefits	Ready to Start						
Operational	Digital Exclusion	Ready to Start						
Operational	Leisure and Culture Facilities	Ready to Start						
Grant Certification	Carbon Data 2022/23	Complete						
Support / Advisory	Support to Publica Transition Programme. <ul style="list-style-type: none"> - Finance Workstream - HR Workstream - ICT Workstream - OnBoarding Meetings 	On-Going						



Summary of Audit Findings

APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
					Support	Business Grant Funding – Aged Debt	On-Going	
Advisory	Procurement and Commissioning Group	On Going						
Advisory	Health and Safety Working Group	On Going						
Advisory	Risk Management Group	On Going						
Advisory	Project Management – Active Cotswold	On Going						
Advisory	Co-Ordination Team / Emergency Planning	On Going					Support to CDC’s Rest Centre and Co-Ordination Teams	
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

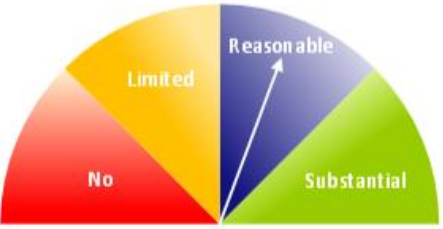
The following are the Internal Audit reports, of each audit review finalised,
since the last Committee update

Appointment of Consultants – Final Report – July 2024




Audit Objective

To review and assess the authority’s procurement and appointment of consultants ensuring compliance with policy and value for money is achieved.

Executive Summary

	Assurance Opinion There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Management Actions	Organisational Risk Assessment	Low
		Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.
		Priority 2	1	
		Priority 3	1	
	Total	2		

Key Conclusions

	There is insufficient oversight and proactive reporting of consultants employed by the Council and their costs, resulting in non-compliance with the Local Government Transparency Code 2015. Furthermore, the absence of a filter on the Contracts Register prevents effective scrutiny and reporting.	Audit Scope Throughout this audit, we reviewed the following key areas: <ul style="list-style-type: none"> Guidance and Training available to staff members. Staff understanding of the Contract Rules. Scrutiny arrangements of consultant spend and Management Information. Business Case requirements. Contract information. The process of Post-Consultancy Reviews. Access to the IT Systems and Council property. Interviews and walkthroughs were conducted with a sample of Appointing Officers who had undertaken a Consultancy Procurement exercise between April 2022 and February 2024. Evidence was sought throughout these meetings to support statements made.
	There is no induction or regular refresher training on Procurement processes for staff. Our samples evidenced that this has impacted officers on their ability to use self-service for procurement of consultants under £25,000 and they rely on the Procurement team for support and advice.	
	The sample of consultants reviewed demonstrated compliance with the Contract Rules as the procurement team were involved.	

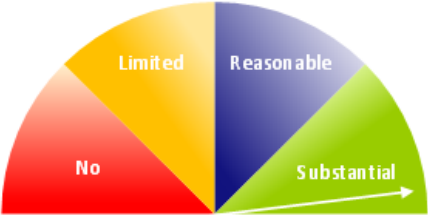
Additional Information


Our action plan that accompanies this report will focus on the issues identified above and will help to ensure that compliance is consistent and that value for money is identified. During the audit, we confirmed that Consultants are engaged with sufficient Contracts or Conditions of Employment in place. Additionally, through discussions we concluded that Employment Status was considered in the procurement process, although there were varying levels of understanding among staff members. IT and Physical Access of Council property is carefully considered when employing a consultant; no issues were identified with this.

The Accounts Payable report says: *We found 72% of 3146 transactions processed on G4 client were not supported with a purchase order. Ordering goods and services via purchase orders aids budget monitoring and mitigates against overspends.* This would also allow for further scrutiny and reporting of consultants from Finance to Procurement. Consideration should be given to the introduction of a ‘No Purchase Order No Pay’ which would support better financial monitoring.

Accounts Payable Continuous Analysis – Final Report – August 2024

Audit Objective To identify potential duplicate payments, summarise, and present to the AP team for remedial action.

Executive Summary											
	Assurance Opinion The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Management Actions	Organisational Risk Assessment								
		<table border="1"> <tr> <td style="background-color: red; color: white;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="background-color: yellow;">Priority 2</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="background-color: blue;">Priority 3</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="background-color: #d9e1f2;">Total</td> <td style="text-align: center;">0</td> </tr> </table>	Priority 1	0	Priority 2	0	Priority 3	0	Total	0	Low
	Priority 1	0									
	Priority 2	0									
Priority 3	0										
Total	0										
		Our audit work includes areas that we consider have a low organisational risk and potential impact.									

Key Conclusions		Audit Scope
 <p>Accounts Payable (AP) use Business World (BW) to process payments on behalf of partner organisations and Councils. We used BW to generate AP reports capturing payments to suppliers for the full financial year starting 1st April 2023 until 31st March 2024.</p> <p>A total of 111,655 lines of transaction data was analysed. We cleansed the data and applied conditional formatting to highlight duplicate transactions. We passed 15 duplicates with a total overpayment value of £20,439.71 to AP for further investigation. This represents 0.01% of total payments analysed.</p> <p>AP demonstrated that all applicable payments requiring further investigation had been appropriately resolved by either refund or credit note.</p>		<p>Our review covers the full 2023/24 Financial Year, checking for potential duplicate payments at CDC, and between CDC and/or Publica, CBH or another Council.</p> <p>Findings have been summarised and reported to the Accounts Payable team for further review and remedial action where necessary. Findings have been followed-up during the subsequent review.</p>

Next Steps

Our duplicate payment analysis will continue into the 2024/25 financial year.

