

Cotswold District Council

Report of Internal Audit Activity

January 2023

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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.

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Procurement Cards	Final Report	Low Limited	6	2	4	-	Reported in September
ICT	Vulnerability Management	Final Report	High Reasonable	1	-	1	-	Reported in September
Operational	Business Grant Funding – Post Payment Assurance	Final Report	High Substantial	0	-	-	-	Reported in September
Operational	Election Expenses – Treatment of VAT	Final Report	Medium Substantial	1	-	-	-	Reported in September
Operational	Accounts Payable (Qtly review)	In Progress						See Appendix C
Operational	Business Grant Funding Omicron Schemes – Post Payment Assurance	Final Report	High Substantial					See Appendix C
Operational	S106 Agreements and Funds	Draft Report						
Operational	Planning Validation Process	Draft Report						
Operational	Climate Change (Strategic)	Draft Report						
Operational	Publica Performance Information	In Progress						
Follow-Up	Asset Management and Commercial Property	In Progress						
Operational	Business Continuity Management	In Progress						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Key Financial Control	Payroll	In Progress						
Key Financial Control	Treasury Management	In Progress						
ICT	Business World – Workflow and Approvals	In Progress						
Key Financial Control	Bank Reconciliations	In Progress						
Key Financial Control	Revenues and Benefits	In Progress						
Operational	Human Resources	In Progress						
Operational	Management and Monitoring of Contracts	Audit Ready						
Operational	Mechanism for Charging Council	Audit Ready						
Support	Business Grant Funding – Post Payment Review	Draft Report	N/A	-				Head of IA working with Head of Service, Counter Fraud and Enforcement Unit to conduct post payment review
Support	Business Grant Funding – Aged Debt	On-Going						Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to BEIS
Advisory	Support to the Agile Working Project	On-Going						
Advisory	Environmental Services Improvement Programme	On-Going						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Advisory	Procurement and Commissioning Group	On-Going						
Advisory	Health and Safety Working Group	On-Going						
Advisory	Publica Improvement Programme	On-Going						
Grant Certification	Test and Trace Payment Scheme	Complete	N/A					
Grant Certification	Contain Outbreak Management Fund	Complete	N/A					
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							

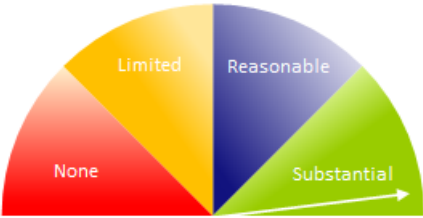
Summary of Audit Findings

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

Omicron Business Grant Funding Post Payment Assurance – Final Report – November 2022

Audit Objective

To provide assurance that COVID-19 (Omicron Schemes) related Business Grants were paid to eligible businesses, in accordance with Government guidance and Council Policies

Assurance Opinion	Number of Actions		Risks Reviewed	Assessment
 <p>A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>	Priority	Number	<p>If sufficient checks and controls are not in place, ineligible recipients may receive COVID-19 (Omicron Schemes) Business Grants resulting in potential financial, fraud and reputational risk to the Council.</p>	<div style="background-color: #76b82a; color: white; padding: 10px; font-weight: bold;">Low</div>
	Priority 1	0		
	Priority 2	0		
	Priority 3	0		
	Total	0		

Key Findings



In January 2022 the Government introduced two new Business Grants Schemes to support businesses affected by the Omicron variant:

- The Omicron Hospitality and Leisure Grant scheme to be paid to hospitality, leisure and accommodation businesses (Mandatory Scheme)
- A Third ARG Top-Up Scheme, to support businesses severely impacted by the rise of the Omicron variant (Discretionary Scheme).

The mandatory scheme was guided by government procedure, and the council adopted a policy for the discretionary scheme. The applications were processed by Grant Assessors with support provided by the Head of Service, Counter Fraud and Enforcement Unit (CFEU).

For both schemes we have undertaken the following work:

- Verifying mandatory grant applications to ensure eligibility of business applying.
- Verifying payments made (based on rateable value), match government guidance and are reflected in the main financial system.
- Verifying supporting evidence supplied with discretionary grant applications.
- Verifying payments made are in accordance with Council Policy (for discretionary grants) and reflected in the main financial system.
- Cross referenced to previous Post Payment Assurance reports for accuracy.

Audit Scope

We reviewed a sample of cases / applications that were awarded COVID-19 (Omicron) Business Grants, to ensure payments were made to eligible recipients and in line with Government guidance and Council Policy (ARG Scheme).

Mandatory Scheme – 701 applications awarded; audit reviewed 211 applications (30%)
 Discretionary Scheme – 127 application awarded; audit reviewed 127 applications (100%)

Of the 338 applications reviewed:

Mandatory Scheme – 15 applications were identified as potential issues.

Discretionary Scheme – 5 applications were identified as potential issues.

We can confirm there were no significant findings. The cases noted above have been presented to the CFO for review and decision if further investigation is required.

The remaining 318 COVID-19 (Omicron Schemes) business grant payments reviewed were paid to eligible businesses and in accordance with Government guidance and Council Policy.

Further Comment

Conditions placed on the grant schemes were actioned by officers as appropriate e.g., regular data submission deadlines and reconciliations.

Accounts Payable Continuous Auditing Analysis – Final Report – December 2022

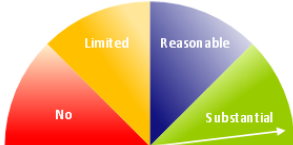
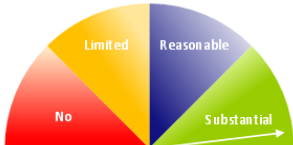
Audit Objective

The objective of the continuous review is to identify potential duplicate payments, summarise, and present to the AP team for remedial action.

Audit Scope

Our review covers a period of 2 years, checking for potential duplicate payments at CDC, and between CDC and/or Publica, CBH or another Council. 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.

Assurance Opinion

Quarter 1	Quarter 2	Quarter 3	Quarter 4
			

The assurance provided above relates only to the controls and processes operated by the Publica Accounts Payable service. CDC officers and Publica service area officers are responsible for approving invoices for payment and therefore must ensure robust checks are undertaken prior to authorising a payment. This will help to limit the risk of duplicate payments being processed.

Testing / Findings	Q1 (July 22)	Q2 (Nov 22)	Q3	Q4
Total number of payments made	1095	908		
Number of potential duplicate payments identified (paid twice by CDC)	0	2		
Potential duplicate payments as a % of the total number of payments made for the quarter	-	0.2%		
Value of potential duplicate payments	£0	£1,784		
Total value of outstanding payments to be recovered	£0	£0		
Number of potential duplicate payments identified (paid by CDC and another organisation)	1	0		
Potential duplicate payments as a % of the total number of payments made for the quarter	0.1%	-		
Value of potential duplicate payments	£1,194	0		
Total value of outstanding payments to be recovered	£600	£1,194		

For Information

This continuous report will be included within the annual AP audit report and will support the annual assurance score.

