



## Summary of Internal Audit Reports Issued to Date

**REPORT OF** DAP Partnership Manager  
**To:** Audit & Governance Committee  
**Subject:** Audit Reports Issued to Date  
**Date:** July 2021

**PURPOSE OF REPORT:** To provide a summary of the audit reports issued since the last audit committee to enable members to discuss any matters they wish to raise.

### 1. INTRODUCTION

The Audit & Governance Committee have requested a regular summary of audit reports issued. This is to provide an opportunity for discussion and to raise queries related to the reports.

As members receive a full copy of the audit report upon release, they are encouraged to raise any significant concerns they may have with the Auditor at that time. This summary report gives an added opportunity for Members as a group to discuss related matters.

This report includes all final audit reports issued to date that have not been previously reported to the Committee.

### 2. REPORT

A summary of final reports issued to date and not included in previous committee reports is included at Appendix A.

There are five audit reports to note:

- Safeguarding
- Housing Benefits and Council Tax Support
- Equality and Diversity
- Risk Management
- Car Parking

### 3. IMPLICATIONS

#### Legal Implications

None.

#### Financial Implications

None.

#### Human Resources Implications

None.

#### Sustainability Implications

None.

#### Equality/Diversity

Members to note the Audit Report on Equality and Diversity.

## Risk Management

The Risk Based Internal Audit Plan is designed to provide robust coverage of the key risks faced by the Council each year. It is developed in consultation with management and approved by members.

Each internal audit report provides the following key information:

Assurance level – providing an overall opinion on the audit area.

Action plan – including audit recommendations (where applicable) and management responses.

Reported issues are assigned a priority rating of high, medium, or low, based on the perceived impact and likelihood as established within the corporate risk matrix.

The report may also include ‘opportunity’ findings, which are suggested courses of action perceived to add value and included for consideration.

Low priority or housekeeping matters are reported separately to operational management during the draft audit stage.

Where this is an opportunity to add value by suggesting

Progress with implementing actions is reported to the Chief Executive Officer or Senior Management Team, and to the Audit & Governance Committee, on a quarterly basis.

## Compliance with Policies and Strategies

This report complies with the Audit & Governance Committee terms of reference and the Audit Procedures Manual.

## Ward Member and Leader Member Views

Councillor Philip Hackett, Chair of Audit & Governance, commented “*The Internal Audits Reports contribute to the Council’s robust governance arrangements.*”

## 4. CONCLUSIONS

The following is a summary of the four assurance levels currently used, along with the audits that have been awarded each level:

Opinion	Audit
<b>Substantial Assurance</b> <b>‘A sound system of Governance’</b>	Safeguarding Housing Benefits and Council Tax Support
<b>Reasonable Assurance</b> <b>‘Some scope for improvement’</b>	Equality and Diversity Risk Management Car Parking
<b>Limited Assurance</b> <b>‘Improvement is required’</b>	NA
<b>No Assurance</b> <b>‘Immediate action required’</b>	NA

### 5. RECOMMENDATIONS

Committee are asked to:

Note the reports issued in this reporting period and raise any queries, suggestions or proposals relating to the internal audits in this report.

### **SUPPORTING INFORMATION**

Consultations:	Steve Hearse, Chief Executive Officer Staci Dorey, Head of Legal and Governance and Monitoring Officer Councillor Philip Hackett, Audit and Governance Committee Chair
Contact Officer:	David Heyes, Finance Manager & S151 Officer Robert Hutchins – Head of Devon Audit Partnership
Background Papers:	Audit files

### Overview of Reports Issued but not Previously Reported to Committee

#### Safeguarding (2020-21)

Overall Assurance Level – Substantial Assurance

No of recommendations – 4 (3 Medium, 1 Low)

No of recommendations agreed - 4

#### **Summary**

Our review of Safeguarding found that current arrangements are effective and provide an overall substantial assurance that TDC is meeting its statutory obligations. The safeguarding obligations are managed through strategies, partnerships and policies. Safeguarding risks are identified and controlled through policies and procedures. Key business documents demonstrate an embedded culture of safeguarding throughout the organisation. Operational business objectives are aligned to the strategic goals to ensure safeguarding is considered within all day-to-day activities.

The three recommendations related to the statutory duty to undertake a Section 11 Audit, the need to ensure there is a regular review the Safeguarding policy, and update of that policy to include key documents which specifically mitigate risks related to Safeguarding.

#### Equality and Diversity

Overall Assurance Level – Reasonable Assurance

No of recommendations – 3 (all Medium)

No of recommendations agreed – 3

#### **Summary**

The current Equality & Diversity (E&D) arrangements are found to be effective and provide an overall Reasonable Assurance that TDC is meeting its statutory obligations. The Council's procedures are robust and support its approach to E&D as being proactive and fair to all. TDC publishes its Equality Objectives at least every four years in accordance with the Equality Act of 2010. The current Equality Scheme 2020 – 2024, sets out the council's ambitions and commits to achieving equality of opportunity both as an employer and as a provider of services. The Scheme reflects TDC's core values by promoting fairness and ensuring its customers have equal access to the Council's services. However, the council faces difficulties in recruiting a truly diverse workforce, something shared by councils in the area. TDC continues to consider different strategies for attracting a wider, more diverse pool of applicants for jobs.

The weaknesses (and recommendations) relate to the following:

- The council is an Equal Opportunities employer and recognises the positive value of diversity, promoting equality and challenging unfair discrimination. There is a statutory requirement to publish data within an Annual E&D Report to demonstrate that E&D and Recruitment policies are effective. Although various reports contain E&D information, there is no single document that clearly outlines how TDC has complied with the requirements. The Council has not fulfilled its duty to publish an Annual E&D Report for several years. The Head of Legal & Governance

& Monitoring Officer recognises the importance of public confidence in TDC's approach to E&D and will address the reporting requirement.

- Only E&D recruitment data from July 2020 is available due to the introduction of the new HR system (iTrent). As system is available online to all staff via personal email addresses, HR is introducing a plan for staff to update their own records. This will provide the data required for full Equality & Diversity analysis and reporting. Once completed, the Council can review whether further work is needed to make its workforce more diverse and representative of the local population.
- Not all members and officers have completed the mandatory E&D training (at time of the audit, only 63% had completed it)

### Housing Benefits and Council Tax Support 2020/21

Overall Assurance Level – Substantial Assurance

No of recommendations – 1 (Low)

No of recommendations agreed - 1

#### **Summary**

The audit review considered four risks and testing found a strong control framework in place to mitigate against the risks identified. Sample testing was undertaken which confirmed the effective operation of the controls in place, despite the additional demands placed on the team due to the Covid-19 emergency. This has slightly increased time taken to process claims, although we are content that quality assurance checks have been maintained. Overall, we are content that effective controls are in place and operating effectively to provide a Substantial Assurance.

The Torridge DC website Housing Benefit & Council Tax Support 'Overpayments' page details the process if an overpayment of Housing Benefit occurs; also shown is a link to the Torridge DC 'Fair Collection and Debt Recovery Policy (V3 Dec 2020)'. The in-year Overpayments Report obtained shows the low figure of only 26% of total debt raised as currently outstanding. The Torridge DC 2019/20 'Housing Benefit debt recovery statistics' shown on the government website highlights the result of robust action in the pursuit of repayment of Housing Benefit overpayments.

### Risk Management

Overall Assurance Level – Reasonable Assurance

No of recommendations – 8 Medium, 1 Low

No of recommendations agreed – 9

#### **Summary**

We identified a risk management framework was in place to identify, manage and mitigate risks in line with the cautious risk appetite level set by the council. Risk is discussed through the year by senior managers and reported to Council including discussion of the Corporate Risk Register by the Audit and Governance Committee.

There was an overall Regional Risk Management Group to oversee the process, although we note it has only met twice in the last two years. We made a Medium recommendation for management to review the role of this group as we consider it important that there is sufficient focus on effectiveness of the framework. Management has noted that they consider this should be a Low priority recommendation.

On the Corporate Risk Register, risks were assigned risk owners on actions. In our opinion, the strategic risks listed appear reasonable for TDC. However, we identified some risks where mitigating actions were either absent or not likely to be effective.

Operational risks are identified within service areas Integrated Business Plans. However, these are updated only once a year, and do not there contain the current “live risks”. In 2020-21, none of the IBPs were finalised due to the C-19 emergency, although we understand these are being approved for 2021-22. We also identified that a risk register was not held for a significant project (Northam Burrows Visitors Centre project). Management has now agreed to ensure that risk logs / assessments are held for all major projects going forward.

We reviewed staff awareness of basic risk management and made recommendations related to improving that awareness through training and communication of the requirement.

Finally, we noted that it is good practice to have an independent member on audit committees. This work is continuing, with support from DAP.

### Car Parking

Overall Assurance Level – Reasonable Assurance

No of recommendations – 9 (5 Medium, 4 Low)

No of recommendations agreed

### **Summary**

We provided a Reasonable Assurance as we were generally content with the processes to collect, bank and account for cash and electronic receipts related to car parking. The amount of income collected in 2020/21 is much reduced from previous years, but that is in line with travel restrictions relating to the C-19 emergency. That said, the team relies heavily on third party providers for hardware and software provision and there was not always appropriate service level agreements or contracts to support monitoring and management of their performance. We also identified that parking services is not currently covered by a business plan and recommend that the area complete their integrated business plan to ensure appropriate direction and alignment with council objectives.

We confirmed that there was a process to issue and manage Penalty Charge Notices. This includes appropriate consideration and action to cancel PCNs if reasonable justification was received in an appeal. However, we note that management information does not currently include PCN collection rates or a summary of those outstanding for each year. This is important to allow monitoring of the effectiveness of recovery processes and provide a focus on aged debt that may need to be written off

While the council considers Health and Safety risk (including the risk to parking service staff from disgruntled members of the public) to be low in this area, we have recommended that they complete their Health and Safety risk assessment which is a policy requirement.