



## Summary of Internal Audit Reports Issued to Date

**REPORT OF** DAP Audit Partnership  
**To:** Audit & Governance Committee  
**Subject:** Audit Reports Issued to Date  
**Date:** 4 April 2023

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

### 1. INTRODUCTION

The Audit & Governance Committee have requested a regular summary of internal 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 internal 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 internal 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 three audit reports to note:

- Estate Management
- Disabled Facility Grant
- Housing Benefits.

We have drafted a report for the Cyber Security audit and are likely to provide a Reasonable Assurance.

We have also almost completed several other 2022/23 audits on Governance, Insurance, Payroll, Information Governance, and Creditors.

Overall, we have provided the following assurances in the year to date: one Substantial; six Reasonable, three Limited. We have also certified four grants.

### 3. IMPLICATIONS

Legal Implications  
None.

Financial Implications



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None.

### Human Resources Implications

None.

### Sustainability Implications

None.

### Equality/Diversity

None.

### 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.

Reporting of progress to implement internal audit actions to the Audit & Governance Committee is the responsibility of the Finance Director / S151.

### Compliance with Policies and Strategies

This report complies with the Audit 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><br><b>‘A sound system of Governance’</b> | Housing Benefits  |
| <b>Reasonable Assurance</b><br><b>‘Some scope for improvement’</b>    |                   |
| <b>Limited Assurance</b><br><b>‘Improvement is required’</b>          | Estate Management |

No Assurance  
'Immediate action required'

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<br>Staci Dorey, Head of Legal and Governance and Monitoring Officer<br>Councillor Philip Hackett, Audit and Governance Committee Chair |
| Contact Officer:   | David Heyes, Finance Manager & S151 Officer<br>Robert Hutchins – Head of Devon Audit Partnership<br>Paul Middlemass – DAP Audit Manager                                      |
| Background Papers: | Audit files                                                                                                                                                                  |

### Summary of Reports not previously reported to Committee

#### Estate Management

Overall Assurance Level – Limited Assurance

No of management actions made / agreed: Four Medium outstanding from the previous report.

#### **Summary**

Some of the recommendations have been implemented. Others have been progressed and an action plan for completion is in place. We still provide a Limited Assurance opinion given that most of the recommendations are yet to be implemented, but note the good progress being made.

Since the previous review there has been a change in structure with a new Estates Manager commencing in post January 2023. We met the new Manager to confirm this report and we can confirm that he, and the team have great ideas on how to move the service forward.

A Strategic Asset Plan 2023-2028 is now in place and was approved by Full Council on 30 January 2023. The document incorporates their Policy, Strategy and Action Plan which is an area of good practice shared with other Authorities. The Action Plan sets out the main key actions they intend to take in the next few years. Further work will be undertaken on performance measures and KPIs to underpin this document.

The ELF system is still in use as the main data-base and work is going well. There is still a resource issue with work being done to ensure information for all assets is being populated. Management is confident that the ELF system will eventually be adequate for what they need and have set a target of twelve months to get the system fully functioning. We have advised the importance of ensuring maintenance management is included as a system module and Management believe ELF has the capability to do this.

KPIs are still limited and once the information is all input into the system it should be easier to come up with benchmarking and KPIs to monitor. The new Estate Manager has provided some good KPI examples and members may also have some traditional KPIs they would like the track.

The relationship with WPS has been terminated due to the supplier being unreliable. Work is now more competitively competed and Torridge support more local businesses.

Statutory compliance is managed through various spreadsheets with the main goal to eventually migrate onto ELF. A spreadsheet is monitored for each separate skill set (electric, gas, legionella etc) with records saved into a building folder. We have been told that statutory compliance is up to date.

Progress on conditions surveys is limited due to resource. To perform an official condition survey schedule Torridge would have to seek external help, where funding may not be available. If Members would like to see the strategy working, then a key conversation would be needed for funding to ensure all key assets have regular condition survey activity.

#### Housing Benefit and Council Tax Support

Overall Assurance Level – Substantial

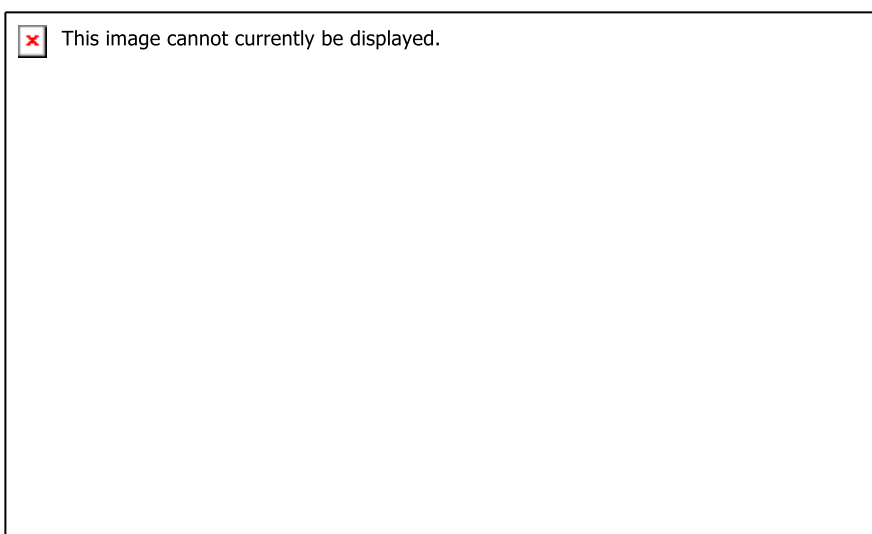
No of management actions made / agreed: One Medium

#### **Summary**

We have provided a substantial assurance as there are good processes to restrict access to the system, there is separation of duties in the BACs process, and overpayments are reviewed and pursued according to the procedures. Write offs are appropriately reviewed

and signed off in accordance with the write off procedures. There is regular monitoring of payments made and a monthly reconciliation between the Academy system and the council's main accounting system (Cedar) to ensure that data held is accurate.

Recovery of overpayments was reviewed to establish the current level of debt and whether there are adequate processes in place to reduce the debt to the Council. The current level of debt is £553,493. The level of debt seems high but an analysis below shows a table outlining the level of debt as at 2015-16 and how it has slowly reduced each year. It is thought that this is due to having a designated part time officer whose role is to monitor and recover overpayments.



### Disabled Facility Grants - Investigation

Overall Assurance Level – Not applicable

#### **Summary**

Management asked DAP to undertake an investigation into management of the Disabled Facility Grants. Overall, we found that the Disabled Facility Grants (DFG's) (and Accessible Homes Grant AHG) process was not suitably controlled. Spend on individual cases has been significantly higher than the approved scheme maximum level, and the use of "exceptions" appears to be relatively commonplace, with no clear approval for such exceptions being supported by the Torrige Scheme of Delegation. Supporting records are not filed in a way that supports good case management. Officers justified exceeding the expected grant limits by referring to the "exceptions" clause in the policy but have not sought further approval for such spend. This, in our opinion, does not demonstrate "good governance" and leaves both Torrige officers and the wider council at risk of unauthorised and inappropriate spending. We have provided suggested actions for the council to consider in addressing the areas of weakness.