

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 25 September 2023
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Report title	Internal Audit Update	
Accountable director	Claire Nye, Finance	
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Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Audit and Risk Committee is asked to note:

1. The contents of the latest internal audit update.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2023-2024 internal audit plan and to provide information on recent work that has been completed.

2.0 Background

- 2.1 The internal audit update report contains details of the matters arising from audit work undertaken so far this year. The information included in the report will feed into, and inform, the overall opinion in our annual internal audit report issued at the year end. It also updates the Committee on various other activities associated with the internal audit service.

3.0 Progress, options, discussion, etc.

- 3.1 Quarterly internal audit update reports will continue to be presented to the Committee throughout the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. (AS/15092023/M)

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. (SZ/15092023/P)

6.0 Equalities implications

- 6.1 Where appropriate, any relevant equality issues will be considered as part of individual reviews, and a review of the corporate approach to equalities forms part of the Audit Universe and will be subject to a separate review within a three-year cycle.

7.0 All other implications

- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

- 8.1 There is no schedule of background papers.

Appendix 1 - Internal Audit Update Report 2023-2024

[NOT PROTECTIVELY MARKED]



1 Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2023-2024 internal audit plan.

The Audit and Risk Committee has a responsibility to review the effectiveness of the system of internal controls and also to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control, and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into, and inform, our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

No Assurance	Limited	Satisfactory	Substantial
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.	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.	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.	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.

2 Summary of audit reviews completed

The following audit reviews were completed by the end of the first quarter of the current year.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
2022/23 Audits completed in quarter 1							
House of Multiple Occupations - Licensing	High	-	3	1	4	4	Satisfactory
Reported this quarter for the first time:							
Amazon Corporate Account	Medium	-	5	3	8	8	Satisfactory
Election Photo ID	Medium	-	-	4	4	4	Substantial
Wolves @ Work Programme	Medium	-	-	2	2	2	Substantial
Family Hubs Grant Certification	Medium	-	-	-	-	-	Not Applicable
Senior Officer Emoluments	Medium	-	-	-	-	-	Not Applicable
WMPF Contribution Statements	Medium	-	-	-	-	-	Substantial

Key: AAN Assessment of assurance need.

School Establishment Visits

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Bushbury Hill Primary School	Medium	-	-	7	7	7	Satisfactory
Eastfield Primary School	Medium	-	1	1	2	2	Substantial
St. Luke's Primary School	Medium	-	-	4	4	4	Substantial

3 *On-going assurance where reports are not issued*

It is a requirement of the Internal Audit Charter that Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations. Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement. Therefore, should any reviews be conducted on the below, then they will be led by another member of the audit team where appropriate.

Project/Programme	Audit Service's Role
Pay Strategy	A member of the team sits on the Council's Pay Strategy Board. The purpose of the board is to ensure that all requests in respect pay and grading is approved in accordance with the Council's Collective Agreement for NJC employees.
Project Assurance Group	A member of the team is involved in this group. The purpose of the group is to ensure that all of the Council's projects and programmes, recorded through the Verto system, are reviewed and scrutinised.
City Learning Quarter Programme	Audit Services have been invited to provide an assurance role for the programme. This is a major capital investment project which has a reputational risk to the Council.
Agresso Board	A member of the team sits on this Board to oversee the on-going development of the Council's enterprise resource planning (ERP) solution.
Children's Transformation Board	A member of the team attends the Board and provides support and assurance on project management arrangements and specific audit issues. This also includes advice and support on the implementation of the new Eclipse management information system.
Transform Adult Social Care Programme	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Strategic Transport Asset Group	A member of the team is involved in this group. The purpose of the group is to ensure that business cases submitted by business areas for vehicles and equipment replacement are reviewed and assessed prior to approval, as well as addressing future Council Fleet requirements and climate targets for a cleaner environment and reduction in carbon emissions, and future use of electric / hybrid vehicles.

Project/Programme	Audit Service's Role
Depot Relocation	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Civic Halls Operational Board	A member of the team is a representative on this group. The purpose of the board is to oversee the operational delivery of the Civic Halls full refurbishment.
Adult Eclipse Project Board	A member of the team will attend the Board to provide support and assurance on project management arrangements for the new Eclipse management information system and any specific audit issues.
Business Improvement Programme Boards	The purpose of these boards is to drive through service improvements in selected areas of the Council. Audit's role on these boards is provide assurance around governance and risk, as well as addressing any particular audit issues.
Regularity Services Debt Recovery Project	A member of the team is engaged to provide advice and consultancy as the Project develops new arrangements for the recovery of outstanding debts.
Wolves At Work 18-24 Programme Board	The purpose of this board is to oversee and provide direction for the development and delivery of various Council initiatives, programmes and projects (in liaison with external partners) with the collective aim to improve employment opportunities in this age range. A member of the team is present on this board to provide support and assurance.
School Compliance Board	The Schools Compliance Board is responsible for providing assurance that all maintained schools in the city are meeting statutory requirements, and that the council is correctly discharging its responsibilities. Audit's role is to overview and challenge quality assurance aspects of the Board generally and to report issues to the Board arising from on-going audit assurance work which will be scheduled throughout the year.
Term Time Only Payments Working Group	A member of the team is engaged to provide advice and consultancy in terms of the calculation of over / under payments, as well as advising on the governance of the project.
Financial Well-Being Strategy Board	A member of the team is engaged to provide advice and consultancy in terms of the payment of support packages.
Fleet Management System Working Group	There is a member of the team on the working group to provide advice and support on the governance of the group and identify any procurement concerns around the acquiring of new fleet items.

4 *Counter Fraud Activities*

The Audit Service's team investigate all allegations of suspected fraudulent activity, during the year. Details of these will, where appropriate, be presented to the Audit and Risk Committee in a separate report, along with details of initiatives put in place in order to both raise awareness of, and tackle fraud across the Council.

5 *Audit reviews underway*

There are also a number of other audit reviews currently underway and these will be reported upon in future update reports.

6 *Summary of issues from our latest reviews*

There were no limited assurance reports issued during this quarter. However, the following reviews were undertaken, which may be of interest to members of the committee:

House of Multiple Occupation - Licensing

This review was undertaken to ensure there were appropriate controls in place regarding the licencing of Houses of Multiple Occupation (HMO) in accordance with the Housing Act 2014 and statutory regulations. While the review provided assurance that the Council's new HMO Licencing system was operating effectively, the following issues were identified where improvements could be made to the current system:

- Documentation, including a draft HMO Licensing Policy have been established, however they are not formally approved or periodically reviewed.
- HMO Licensing debts have not been actively pursued since before the pandemic and without pursuit the enforcement powers are reduced.
- Delays in the application process are leading to extended timescales, for example, chasing missing information is creating an administrative burden.

Amazon Corporate Account

This review was undertaken to ensure there were appropriate controls in place regarding the management and administration of the Council's corporate Amazon Business Account. During the review we identified the following issues where improvements could be made to the current system:

- There were no formal governance arrangements in place for the administration of the Amazon Business Account.
- There were no system or guidance notes covering the administration and reporting functions of the Amazon Business account.
- Individuals were using old CWC (City of Wolverhampton Council) Amazon accounts and personal Amazon accounts linked to their Wolverhampton.gov.uk email addresses were unidentifiable. Amazon were unable to provide account holder information, citing GDPR restrictions.
- Information relating to interdepartmental transfers is not consistently shared with the Procurement Team and access requirement for this group cannot be adequately validated.
- Amazon Business Account purchases were not regularly reviewed for value for money or compliance with the Council's Contract Procedure Rules.

Elections Photo ID

This review was undertaken to review the implementation of voter identification for in-person voting, based on changes to the Elections Act 2022. This required voters in Great Britain to show a form of photographic identification ('photo ID') before being given their ballot paper in polling stations in certain elections. The first elections this would be implemented on in Wolverhampton were the local elections that took place in May 2023. Electors without a valid form of ID are able to apply for a free photo ID called a Voter Authority Certificate (VAC). Each local authority Registration Officer is required to process VAC applications made via the government portal, and to make provision for electors to apply for a VAC by post or in person. The Council were also required to publicise the new voter ID requirements and ensure appropriate arrangements were in place to verify ID at polling stations before the elector was issued a vote.

This review provided assurance that the Council has effective measures in place for the implementation of the new photo ID requirements. Some minor recommendations were made to enhance current controls and procedures.

7 Follow-up of previous recommendations

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit and Risk Committee.

8 Changes to the Audit Plan during the year

Currently there are no changes to the 2023 – 2024 internal audit plan that was approved by the Audit and Risk Committee on 6 March 2023.