

Dear Members

**Audit and Accounts Committee**

A **virtual** meeting of the Audit and Accounts Committee will be held using [Zoom](#) on **Tuesday 6 April 2021 at 6.30pm** to deal with the business as set out on the agenda.

To watch the meeting, please follow the instructions below:-


- 1 Log on to Zoom at <https://zoom.us/join>
- 2 Enter Meeting ID **893 6849 4989** when prompted
- 3 Enter Password **091945** when prompted

Or, to listen to the meeting, please call the following telephone number:-

**0131 460 1196**

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown in each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.



Head of Law and Administration

**AUDIT AND ACCOUNTS COMMITTEE -  
6 APRIL 2021**

**Chair - Councillor A M Loughran**

**A G E N D A**

- 1 Minutes of 2 February 2021 as circulated and published in Digest No 274 on 5 March 2021
- 2 Apologies
- 3 Officers' Reports

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	CHIEF INTERNAL AUDITOR	

**Membership**

**Chair - Councillor A M Loughran**

M G Dodson	P W Jones
I D Fordham	A M Loughran
R A James	J A Nixon

**Cabinet Member - Councillor R M Smith**

**ITEM NO 3(a)****ITEM NO 3(a)**

<b>Report of:</b>	<b>Chief Internal Auditor</b>
<b>Contact Officer:</b>	<b>Stephen Baddeley</b>
<b>Telephone No:</b>	<b>01543 464415</b>
<b>Ward Interest:</b>	<b>Nil</b>
<b>Report Track:</b>	<b>Audit &amp; Accounts 06/04/2021 (Only)</b>

**AUDIT AND ACCOUNTS COMMITTEE****6 APRIL 2021****Internal Audit Progress Report 2020-21****1 Purpose of Report**

- 1.1 To present to the Audit and Governance committee for information a progress report on the work of Internal Audit.

**2 Recommendation**

- 2.1 That the Committee note the progress report.

**3 Key Issues and Reasons for Recommendation****Key Issues**

- 3.1 Attached is a progress report showing the audits which have been issued between 1 December 2020 and 31 January 2021

**Reasons for Recommendations**

- 3.2 The report has been prepared for Members information.

**4 Relationship to Corporate Priorities**

- 4.1 The system of internal controls reviewed by Internal Audit is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities. Management are responsible for the control environment and should set in place policies, procedures, and controls to help ensure that the system is functioning appropriately.

<b>5 Report Detail</b>
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- 5.1 This report is a summary of the Internal Audit work between 1 December 2020 and 31 January 2021 and is a report of progress against the revised audit plan.
- 5.2 The work completed against the revised plan is progressing well and we are on track to complete the majority of the revised plan by the end of the year.
- 5.3 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.
- 5.4 The table below gives a summary of the level of assurance for each of the audits completed in the period. More detailed information on each of the reports issued is contained in **APPENDIX 1**.

<b>Number of Audits</b>	<b>Assurance</b>	<b>Definition</b>
<b>3</b>	<b>Substantial</b> ✓	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively. No action is required by management.
<b>1</b>	<b>Partial</b> ▲	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
<b>0</b>	<b>Limited</b> !	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
<b>0</b>	<b>No Assurance</b> ✘	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.

Number of Audits	Assurance	Definition
2	N/A	One piece of work was issued where it was not appropriate to issue an Assurance due to the narrow scope of the work – this was in relation to Pension Testing on behalf of Staffordshire County Council.

- 5.5 **APPENDIX 2** lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.
- 5.6 **APPENDIX 3** shows the follow-up that was issued in the period. At the time of the follow-up it is pleasing to be able to report that the level of assurance was revised from Partial to Substantial.

<b>6 Implications</b>
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6.1	<b>Financial</b>	None Identified
	<b>Legal</b>	None Identified
	<b>Human Resources</b>	None Identified
	<b>Human Rights Act</b>	None Identified
	<b>Data Protection</b>	None Identified
	<b>Risk Management</b>	None Identified


6.2	<b>Community Impact Assessment Recommendations</b>	<p>The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-</p> <p>Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.</p>
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<b>Previous Consideration - Nil</b>
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<b>Background Papers</b> <ul style="list-style-type: none"> <li>Internal Audit Reports</li> </ul>
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**APPENDIX 1 - Audits Completed by 31 January 2021**

**Summary of Progress**

	Planned Audits	Actual Audits			
		Complete	% Of Completed	Work In Progress	% WIP & Complete
<b>Audit Plan</b>	21	11	52%	9	95%
<b>Commentary</b>	Work is progressing well, whilst only 52% of audits have been completed with those in progress at the end of January 2021 we are on track to complete at least 90% of the plan although it is anticipated that the remaining audits will also be completed.				

**Details of Audits Completed**

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Creditors	Financial Management ★	Draft	1	Partial ▲	New supplier detail forms and requests for changes in supplier details were not retained on all occasions. However, we noted that there was sufficient evidence of the details being independently verified and recorded within the Creditors system, though ultimately, this could lead to changes in details without appropriate backup being retained
Council Tax	Financial Management ★	Final	0	Substantial ✓	

Audit	Head of Service	Status	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Housing Strategic Function	Development	Final	0	Substantial ✓	
Payroll	HR	Final	0	Substantial ✓	
Operations Major Projects	Operations	Final	0	N/A	This was a review of the Victoria Park project. No major areas of concern were identified. The coverage of the review was not deemed to be sufficient to provide an opinion on the level of assurance that could be given to the area.
Pensions Assurance for the County	HR	Final	0	N/A	This was a review of the Pensions information sent to the Pension Fund. The coverage of the review was not deemed to be sufficient to provide an opinion on the level of assurance that could be given to the area.

★ Services led by Cannock Chase District Council as part of Shared Services

**APPENDIX 2 – Audits in Progress**

Audit	Head of Service
Covid Response Arrangements	Corporate
Forward Planning	Development
National Non-Domestic Rates	Financial Management★
Staff Expenses	HR
Cyber and Network Security	Technology
Housing Benefits	Financial Management★
Council Tax Reduction Scheme	Financial Management★
Tree Management	Operations
IT Asset Management	Technology

★Services led by Cannock Chase District Council as part of Shared Services



**APPENDIX 3 – Follow-up Completed**

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Homelessness & Housing Advice	Development	Partial ▲	0	2	0	2	Substantial ✓	

ITEM NO 3(b)

ITEM NO 3(b)

<b>Report of:</b>	<b>Chief Internal Auditor</b>
<b>Contact Officer:</b>	<b>Stephen Baddeley</b>
<b>Telephone No:</b>	<b>01543 464415</b>
<b>Ward Interest:</b>	<b>Nil</b>
<b>Report Track:</b>	<b>Audit and Accounts 06/04/2021 (Only)</b>

**AUDIT AND ACCOUNTS COMMITTEE**  
**6 APRIL 2021**  
**Internal Audit Plan for 2021-22**

**1 Purpose of Report**

- 1.1 To present to the Audit and Accounts Committee the Internal Audit Plan for 2021-22.

**2 Recommendation**

- 2.1 That the Committee approve the Audit Plan for 2021-22.

**3 Key Issues and Reasons for Recommendation**

**Key Issues**

- 3.1 Internal Audit has a duty to provide the Council with an annual opinion on the effectiveness of its internal control environment and governance arrangements. The work of Internal Audit is also used as one of the sources of assurance for the Annual Governance Statement.
- 3.2 Internal Audit is required to produce a plan of work to ensure that it can give an appropriate opinion on the Council's key risk areas and systems and provide sufficient coverage to inform the Annual Governance Statement.

**Reasons for Recommendations**

- 3.3 The planned work is deemed to be sufficient to ensure that Internal Audit can deliver an appropriate opinion on the control environment and governance arrangements at the Council.

#### 4 Relationship to Corporate Business Objectives

- 4.1 This report supports all of the Council's Corporate Priorities by helping to ensure that there are effective governance arrangements in place.

#### 5 Report Detail

- 5.1 Internal Audit is an assurance function which primarily provides an independent and objective opinion to the Council on its governance arrangements and internal controls. The Internal Audit Section does this by conducting an independent appraisal of all the Council's activities, financial and otherwise. It provides a service to the whole of the Council and to all levels of management.
- 5.2 To provide this assurance Internal Audit conducts an annual risk assessment and determines an audit plan for the year. Meetings are held with Heads of Service and the Council's s151 Officer as part of the risk assessment process to obtain views and comments in relation to the composition of the Internal Audit Plan. Comments are also invited from the External Auditor.

#### Resources

- 5.3 The resource available for the delivery of the Audit Plan across both authorities in 2021-22 is 590 days; the full details are shown in **APPENDIX 1**. The In-house team is currently carrying a vacancy, which is being covered by External Support from a contractor and a second post is currently occupied by a Level 4 Apprentice so is not as productive due to ongoing training commitments.
- 5.4 There has been a small change to the resources available due to a request from Cannock Chase District Council's Leisure Contractor, IHL, to provide them with an Internal Audit function for 12 months in return for an agreed fee. It has been agreed that the Shared Service will provide 40 days of internal audit work and 5 management days. The fee is being split equally between Cannock Chase District Council and Stafford Borough Council. The fee may either be taken as a saving for 2021/22 or used to back-fill and buy-in additional days from our Audit Contractor (20 days per Council).
- 5.5 The resources can be broken down into:

<b>Allocation of Resources to Audit Plan Requirements</b>	
<b>Shared Service Audits</b>	<b>180</b>
<b>Stafford Specific Audits</b>	133
Cannock Specific Audits	182
IT Audit Plan	60
IHL Audit Plan	40
<b>Total Days</b>	<b>595</b>

5.6 The resources available for the year are considered sufficient to cover enough work to adequately inform the Annual Audit Opinion for 2021-22.

**Annual Audit Plan**

5.7 Normally, a full review of the “Audit Universe” would take place and be presented to Committee setting out all the possible areas for review and the risk scores determined for 2021-22. However due to the ongoing impact of the Covid-19 Pandemic and the unusual circumstances that this has presented a full review of the Audit Universe has not been undertaken this year. Instead the main risks being faced by the Council have been identified and this has been used to inform the audit plan. This has led to the focus of work for 2021-22 being based around:

- (i) the Council’s response and recovery to the pandemic;
- (ii) the strategic risk areas;
- (iii) major projects; and
- (iv) key financial systems.

5.8 Areas identified for review this year have been categorised as:

- (i) Covid Response – activity relating to the ongoing response to the pandemic;
- (ii) Covid Recovery – activity relating to recovery for the Council, our residents and businesses;
- (iii) Strategic Issues – items from the Strategic Risk Register and key projects; and
- (iv) Operational Elements – Key financial systems, other projects, operational functions

5.9 The plan has been prepared and is attached as **APPENDIX 2**. This shows two elements:

- (i) The areas delivered as a Shared Service with Cannock Chase District Council; and
- (ii) Those services solely delivered by Stafford Borough Council.

5.10 The Audit Plan has been split across the themes as follows

	<b>Number</b>	<b>%</b>
Strategic Issue	3	16
Response Elements	1	5
Recovery	3	16
Operational	12	63
<b>Total</b>	19	100

- 5.11 A predetermined budget of time has not been allocated to the individual audits this year. Instead, we instead to allocate blocks of time to each theme/area that we are looking to provide assurance on to allow a more flexible use of resources. For example, a block of time will be dedicated to the audit of the recovery actions to ensure that the Council is preparing itself for the future and a return to normal levels of service however if we do see further issues and a resurgence of the virus then our focus may shift and more resources allocated to reviewing the work on response.
- 5.12 The IT Audit Plan for 2021-22 is also attached as **APPENDIX 3**. This has been compiled following an IT Audit Needs Assessment completed by the Council's IT Audit Contractor based on discussions with the Head of Technology.

<b>6</b>	<b>Implications</b>
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6.1	<b>Financial</b>	Nil
	<b>Legal</b>	Nil
	<b>Human Resources</b>	Nil
	<b>Human Rights Act</b>	Nil
	<b>Data Protection</b>	Nil
	<b>Risk Management</b>	Nil

6.2	<b>Community Impact Assessment Recommendations</b>	<p>The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-</p> <p>Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.</p>
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<b>7</b>	<b>Appendices to the Report</b>
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**APPENDIX 1:** Available Audit Resources 2021-22

**APPENDIX 2:** Internal Audit Plan 2021-22

**APPENDIX 3:** IT Audit Plan 2021-22

<b>Previous Consideration - Nil</b>
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<b>Background Papers – Audit Plan File</b>
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## APPENDIX 1

**AUDIT AND ACCOUNTS COMMITTEE**  
**6 APRIL 2021**  
**Internal Audit Plan for 2021-22**

**Available Audit Resources 2021-22**

			General Audit Total	IT Audit Support	Total Days - Revised Plan
Staffing of the Team (Excludes Chief Internal Auditor)			3		
<b>In House Total Days</b>			<b>1044</b>		<b>1044</b>
<b>External Support</b>			150	60	<b>210</b>
<b>Days Available</b>			<b>1194</b>	<b>60</b>	<b>1254</b>
Less Non Operational (leave, training etc)			413		<b>413</b>
<b>Chargeable Days</b>			<b>781</b>	<b>60</b>	<b>841</b>
<b><u>Chargeable Work</u></b>					
Fraud			28		<b>28</b>
Advice, Consultancy			58		<b>58</b>
Contingency Budget			130		<b>130</b>
Follow-ups			30		<b>30</b>
<b>Audits</b>			<b>535</b>	<b>60</b>	<b>595</b>
<b>Chargeable Days</b>			<b>781</b>	<b>60</b>	<b>841</b>
<b><u>Allocation of Resources to Audit Plan Requirements</u></b>					
<b>Shared Service Audits</b>			<b>180</b>		
<b>Stafford Specific Audits</b>			<b>133</b>		
Cannock Specific Audits			182		
IT Audit Plan			60		
IHL Days			40		
<b>Total Days</b>			<b>595</b>		

**AUDIT AND ACCOUNTS COMMITTEE****6 APRIL 2021****Internal Audit Plan for 2021-22****Internal Audit Plan for 2021-22****Stafford BC Specific**

<b>Audit Area</b>	<b>Lead Officer</b>	<b>Classification</b>
Major Economic Development Projects – e.g. Future High Street Fund, Station Gateway, Meecebrooke	Development	Strategic Issues
Economic Growth Strategy	Development	Strategic Issues
Climate Change	Corporate Business & Partnerships	Strategic Issues
Business Grants	Development/Finance	Response
Community Support Framework	Corporate Business and Partnerships	Response
Planning for the Future (Includes Corporate Plan and Capacity)	Corporate	Recovery
Asset Management / Future buildings requirements	HR / Corporate Business & Partnerships	Recovery
Leisure Open Book & recovery arrangements	Operations / Finance	Recovery
Cannock Chase SAC (SBC Accountable Body)	Development	Operational Elements
Disabled Facility Grants, Warmer Homes grants etc	Development	Operational Elements
Development Management	Development	Operational Elements
S106 Monitoring and Delivery	Development/Finance	Operational Elements
Waste – Garden Waste & Blue Bag introduction of charging	Operations	Operational Elements

**Shared Service Areas**

<b>Audit Area</b>	<b>Lead Officer</b>	<b>Classification</b>
Council Tax	Financial Management	Operational Elements
Housing Benefits	Financial Management	Operational Elements
New Finance System and E-payments implementation	Financial Management	Operational Elements
National Non-Domestic Rates	Financial Management	Operational Elements
Treasury Management	Financial Management	Operational Elements
Customer Transformation Work – Joint work including replacement CRM and E-forms.	Operations/Technology	Operational Elements
Payroll	HR	Operational Elements



**AUDIT AND ACCOUNTS COMMITTEE**  
**6 APRIL 2021**  
**Internal Audit Plan for 2021-22**

**IT Audit Plan for 2021-22**

<b>Audit Area</b>	<b>Lead Office</b>	<b>Classification</b>
Document Retention / IT Records	Technology	Operational Elements
IT Health check / IT Assurance / Vulnerability Scanning / Cyber Assurance Arrangements	Technology	Operational Elements
IT Third Party Supplier Management and External Data Sharing (including access controls)	Technology	Operational Elements
Change Control Procedures	Technology	Operational Elements