

South Kesteven District Council

Internal Audit Progress Report

Governance and Audit meeting: 21 July 2021

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Contents

1	Key messages	3
2	Reports	4
	Appendix A – Progress against the internal audit plan 2021/22	5
	Appendix B – Other matters	6

1 Key messages

The internal audit plan for 2021/22 was approved by the Governance and Audit Committee at the 18 March 2021 meeting. As the developments around Covid-19 will continue to impact on all areas of the Council's risk profile, we will work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

This report provides an update on progress against that plan and summarises the results of our work to date.



Since the Governance and Audit Committee meeting last met, we have finalised three reports: Disabled Facilities Grant, Continuous Assurance 1 and Follow Up 1.

A summary of the outcomes of the Disabled Facilities Grant audit and the Continuous Assurance 1 audit are included at Section 2 and further details are appended to this report. [\[To discuss and accept\]](#)



The Follow Up 1 report is issued as a separate agenda item and this review resulted in a 'reasonable progress' opinion being made to implement previously agreed actions. [\[To note\]](#)



The individual assignment dates for the 2021/22 internal audit plan have been agreed with management since the last Governance and Audit Committee meeting.

See Appendix A for further details. [\[To note\]](#)




Management have requested two changes to the 2021/22 internal audit plan since the last meeting committee meeting. Following some additional work to provide management assurance that previously agreed action relating to cash handling had been implemented, it was agreed that an audit of 'Income and Banking' be undertaken and this review has been added to the internal audit plan. It has also been agreed with management to remove the 'Repairs Stock' audit as the department no longer holds stock.

See Appendix B for further details. [\[To note\]](#)

2 Reports

2.1 Summary of final report being presented to this committee

This section summarises the report that has been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		H	M	L
<p>Disabled Facilities Grant</p> <p>Overall, we found that the controls in place regarding disabled facilities grants at South Kesteven District Council are adequately designed and are operating effectively.</p> <p>Testing confirmed compliance with all controls and as a result, no management actions were raised. Further details are appended to this report.</p>		0	0	0
<p>Continuous Assurance 1</p> <p>The first continuous assurance review has been completed in order to provide management with assurance that the 10 key controls agreed with management are in place and operating effectively. These controls are considered as non-negotiable areas of compliance, that management require assurance on throughout the year on their functionality and effectiveness.</p> <p>As a result of testing undertaken, three 'medium' and two 'low' priority management actions were identified, and these were agreed by management. The findings were in relation to the following areas: Land Searches, Supplier Bank Accounts, Housing Repairs, Starters and Complaints.</p> <p>Further details are appended to this report.</p>	No opinions are issued for Continuous Assurance reviews	0	3	2

Appendix A – Progress against the internal audit plan 2021/22

Assignment	Status / Opinion issued	Actions agreed			Audit Date agreed with management	Governance and Audit Committee meeting
		H	M	L		
Disabled Facilities Grant	Final report issued / Substantial Assurance	0	0	0	20 May 2021	July 2021
Continuous Assurance 1	Final report issued / No opinions are issued for Continuous Assurance reviews	0	3	2	1 June 2021	July 2021
Follow Up 1	Final report issued / Reasonable Progress	0	1	2 *	2 June 2021	July 2021
Income and Banking **	Draft report issued				21 June 2021	September 2021
Local Authority Searches	Draft report issued				21 June 2021	September 2021
Follow Up 2	Not yet commenced				9 August 2021	September 2021
Housing Compliance	Not yet commenced				16 August 2021	September 2021
Repairs – Stock	Not yet commenced				31 August 2021	December 2021
Council Subsidiary Companies	Not yet commenced				13 September 2021	December 2021
Street Scene – Stock	Not yet commenced				13 September 2021	December 2021
Continuous Assurance 2	Not yet commenced				20 September 2021	December 2021
Medium Term Financial Planning	Not yet commenced				27 September 2021	December 2021
Follow Up 3	Not yet commenced				18 October 2021	December 2021
Continuous Assurance 3	Not yet commenced				29 November 2021	March 2022
Follow Up 4	Not yet commenced				7 February 2022	March 2022
Continuous Assurance 4	Not yet commenced				24 February 2022	March 2022
Project Governance	Not yet commenced				Tbc	March 2022

* The Follow Up 1 audit also resulted in six non-categorised priority actions (relating to GDPR) as well as the one 'medium' and two 'low' priority actions.

** This is an additional audit that has been added to the plan at the request of the Interim Director of Finance – see Appendix B.

Appendix B – Other matters

Changes to the audit plan

The current Covid-19 situation means that our clients and internal audit are working differently. We understand and recognise the Group's strategic objectives, and that the developments around Covid-19 will continue to impact on all areas of the Group's risk profile. We will work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

At the request of the Interim Director of Finance, an audit of 'Income and Banking' has been added to the internal audit plan, with a focus on cash collection and banking processes for the following areas: Markets, Toilets, Wyndham Park and Cemeteries. The audit fieldwork has been completed and a draft report has recently been issued to management.

The Interim Director of Finance has also advised that the 'Repairs Stock' audit can be removed from the internal audit plan, due to Repairs no longer having stock on site.

Other assurance activity

Note	Activity	Overview of output
1	Housing Benefit Grant Validation	We have commenced the housing benefit grant validation testing and will provide the results to Management and the Council's external auditors upon completion. This work is being undertaken as a separate engagement and we do not see this as a conflict of interest. The work performed does not form part of the internal audit annual opinion.

For more information contact

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of South Kesteven District Council and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

EXECUTIVE SUMMARY – DISABLED FACILITIES GRANTS

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely.

Why we completed this audit

An audit of disabled facilities grants (DFGs) was undertaken at South Kesteven District Council as part of the approved internal audit periodic plan for 2021/22.

An application for a disabled facilities grant comes about following an Occupational Therapist referral via Lincolnshire County Council. South Kesteven District Council then take over the referral, requiring the client to complete an application form in full, followed by a means test where required to establish whether the client needs to make a financial contribution to the work they will have undertaken.

Approved contractors are in place to carry out the works and all plans for adaptations to a client's home must be approved by the Occupational Therapist before work can commence. A purchase order must also be raised by a member of the Private Sector Housing Team prior to works commencing and this must be approved by the Environmental Protection and Private Sector Housing Team Leader or the Head of Public Protection. If additional works are required throughout the process, this must be justified to the Council by the contractor or the Occupational Therapist and a second purchase order raised and approved in the same way in line with delegated authorities.

The Council uses the Civica Flare system to retain information regarding grant application.

An action diary is maintained on Civica detailing all correspondence and actions taken throughout the application process to completion of works. All documentation including application forms, means tests (where applicable), work plans, and contractor sign off are retained on Civica.

Conclusion

Overall, we found that the controls in place regarding disabled facilities grants at South Kesteven District Council are adequately designed and are operating effectively.

Testing confirmed compliance with all controls and as a result, no management actions were raised. Details of controls reviewed can be found in the key findings section of this report.


Internal audit opinion:


Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage this area are suitably designed, consistently applied and effective. suitably designed and consistently applied.





Key findings


We identified the following areas of good control design which, based on our testing, were being complied with in practice:


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The Private Sector Housing Assistance- Independent Living Policy outlines clear guidance for disabled facilities grants, including the application process and eligible works that can be carried out using a disabled facilities grant. The policy is maintained up to date and made available to all staff via the Council's website.
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A dedicated page on the Council's website provides clear guidance and information to the public on disabled facilities grants. The website also provides useful links to the GOV.UK guidance on disabled facilities grants.
- 


Testing a sample of 15 applications for a disabled facilities grant confirmed in all instances that the client had been referred to the Council via an Occupational Therapist working for Lincolnshire County Council and that an application form had been completed in full.
- 


For a sample of 15 applications for a disabled facilities grants confirmed in two instances that a client contribution was required following a means test. Payment of these contributions was received prior to any works commencing. In the remaining instances, testing identified that the client was in receipt of passported benefits or that a contribution was not required based on the results of a means test.
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For the sample tested, an Occupational Therapist approved the work plans to ensure they met the health needs of the client prior to any work commencing.
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For the 15 applications sampled, in 14 instances a purchase order had been appropriately raised and approved for the cost of the works prior to any works commencing. In the remaining instance, the work was cancelled by the client at this stage and no costs were incurred.
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Our testing identified six instances where additional work on the property was required. Further testing confirmed that in all instances a second purchase order was appropriately raised and approved for the additional work.
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Testing a sample of 15 applications for a disabled facilities grants confirmed in all instances that an updated action diary of the case was maintained on Civica.
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Approved contractors and an agreed schedule of rates is in place for all works carried out to ensure that the Council is achieving value for money for the work undertaken.
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Testing a sample of 15 applications for a disabled facilities grants confirmed in 14 instances that the completed works had received formal sign off and certifications were retained on Civica. In the remaining instance, the work was cancelled by the client before it commenced.
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Budget monitoring is undertaken as part of the wider finance budget and is reported to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee every quarter in which details of disabled facilities grant spend is outlined.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

* No management actions were raised as a result of this audit.

EXECUTIVE SUMMARY – CONTINUOUS ASSURANCE VISIT ONE

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our assignment and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test, or complete full population testing using data analytics tools.

Why we completed this audit

A programme of Continuous Assurance of key controls is being undertaken as part of the approved Internal Audit Plan for 2021/22. This report covers the first cycle of testing in the financial year.

As part of the Internal Audit Plan, we have agreed to visit several key areas over the financial year to provide a high-level assurance that key controls are in place and operating effectively in these areas.

These controls are considered as non-negotiable areas of compliance, that management require assurance on throughout the year on their functionality and effectiveness.

Findings and agreed actions are included within this report.

Findings

Below is a tabular representation which reflects our view of South Kesteven District Council's controls, highlighting areas where action has been agreed with management based upon the work. See the Findings and Actions Plan section for further details of the actions agreed with management to address issues identified.

Control Area	Conclusion
Land Searches	Non-compliance with control
Planning Applications	Compliance with control
Purchase Orders and Invoicing	Compliance with control
Supplier Bank Accounts	Non-compliance with control
Housing Repairs	Non-compliance with control
Starters	Non-compliance with control
IT Access Controls	Compliance with control
Complaints	Non-compliance with control
Service Council Vehicles	Compliance with control
Issue of Licences	Compliance with control

2. FINDINGS AND ACTION PLAN

Area	Finding summary	Risk Context	Actions for Management	Action Owner	Target Date
Land Searches	<p>We were able to evidence a Search Volume report, which documented all land searches undertaken at the Council between 1 April 2021 and 31 May 2021. This report evidenced that a total of 272 searches had been issued within the period, the average turnaround time was 27 working days; and the longest time taken was 35 working days.</p> <p>The Council website states that they currently endeavour to complete a search within an average of 22 working days. However, we were unable to identify a Policy that detailed the process and internal timescale requirement of 22 working days for conducting land searches, which may result in any new staff within the Council being unaware of the suggested timeframes.</p>	Low	<p>Management will implement a Policy or internal guidance that details the process and timescale requirements for conducting land searches.</p> <p>Internal guidance will be implemented by 31 July and the policy thereafter – this will be an action from the Land Searches internal audit.</p>	Assistant Director Legal & Governance	31 July 2021

Area	Finding summary	Risk Context	Actions for Management	Action Owner	Target Date
Supplier Bank Accounts	<p>For a sample of 10 supplier bank account amendments for the period 1 April 2021 to 31 May 2021, we conducted sample testing to evidence that these amendments have been checked with the supplier and validated.</p> <p>In three instances, no evidence was provided, and in two instances the evidence provided could not clearly validate that these amendments had been appropriately checked, which could result in incorrect amendments being made for the supplier.</p>	Medium	<p>Management will review the five supplier bank account amendment instances where evidence was either not provided or was not clear; and confirm that these amendments were appropriately verified prior to the amendments being actioned.</p> <p>A new process was implemented in June to capture bank account amendments. The five bank account amendment instances have since been checked and we can confirm they were appropriately verified.</p>	Head of Finance	31 July 2021

Area	Finding summary	Risk Context	Actions for Management	Action Owner	Target Date
Housing Repairs	<p>From a sample of 10 repairs completed between 1 April 2021 to 31 May 2021, we were able to evidence that all repairs had been appropriately assigned and completed within the provided KPI's, and source documentation or system evidence was available to confirm this:</p> <p>Standard Repair KPI</p> <p>Emergency – 2 Hours</p> <p>Urgent – 1 Working Day</p> <p>Routine – 3 Working Days</p> <p>Routine – 7 Days</p> <p>Planned Repair – 60 Days</p> <p>However, the timeframes provided had not yet been documented by the Council in internal procedures and a repairs policy, which may provide a risk that staff members (particularly newer staff members) are unaware of the timeframes required.</p>	Low	Management will ensure that all staff are aware of the current KPIs and going forwards this will be included in a repairs policy and procedures.	Repairs Manager	31 July 2021
Starters	<p>We sampled 10 new starters and were able to evidence that each vacancy had gained approval to recruit. In 8/10 instances, we were also able to evidence via source documentation that satisfactory references had been obtained where applicable and driving licence and right to work in the UK checks had also been undertaken.</p> <p>However, in two instances, we were unable to evidence that the driving licence and right to work in the UK checks had been undertaken. This is currently being followed up by management; as this poses a risk that staff may be employed who are not suitable to work within the Council.</p>	Medium	Management will follow up on the two starters where driving licence and right to work in the UK checks had not been completed; understand why this occurred and implement a control to ensure this is checked in future prior to staff members starting with the Council.	HR Manager	31 July 2021

Area	Finding summary	Risk Context	Actions for Management	Action Owner	Target Date
Complaints	<p>Due to IT system changes allowing for more in-depth reporting, complaints data for the period 1 April 2021 to 31 May 2021 was unavailable. We therefore tested the control against data provided between December 2020, and March 2021.</p> <p>From the complaints data provided, we were able to evidence that complaints had been logged within the system, investigated and where upheld, remediation action was provided.</p> <p>We were provided with the Compliments, Comments & Complaints guide, which stated that customer complaints will be acknowledged within three working days, and a full response provided within 15 working days. However, the current reporting dashboard does not allow the Council to identify the time taken to investigate and resolve complaints. This may therefore present the risk that complaints are not followed through to resolution, or investigated at all, due to insufficient monitoring.</p> <p>The policy document provided was also dated September 2013, however the Data Protection Support Officer is currently in the process of updating this, for approval in September 2021.</p>	Medium	Management will implement a complaint recording mechanism that allows the Council to identify timeframes taken to deal with complaints, in line with the Policy.	Data Protection Support Officer	30 September 2021