

South Kesteven District Council

Internal Audit Progress Report

Governance and Audit Committee meeting: 16 March 2022

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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 continued to impact on all areas of the Council's risk profile, we worked closely with management to deliver an internal audit programme which remained flexible and 'agile' to ensure it met 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 last met, we have finalised two reports: Continuous Assurance 4 and Follow Up 4.

A summary of the outcome of the Continuous Assurance 4 is included at Section 2 and further details are appended to this report. [\[To discuss and accept\]](#)



The Follow Up 4 report is issued as a separate agenda item and this review resulted in a 'reasonable progress' opinion being made to implement previously agreed actions. [\[To note\]](#)



One change to the 2021/22 internal audit plan has occurred since the last committee meeting. As requested by the Assistant Director of Finance it was agreed to supersede Continuous Assurance 3 with the findings of Continuous Assurance 4 to present the current position and status of the controls as opposed to historic findings. 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>Continuous Assurance 4</p> <p>The fourth continuous assurance review has been completed to provide 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 'low' priority management actions were identified, and these have been agreed by management. The findings were in relation to the following areas: Planning Applications, Housing Repairs, and IT Access Controls.</p> <p>Further details are appended to this report.</p>	No opinions are issued for Continuous Assurance reviews	0	0	3

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
Local Authority Searches	Final report issued / Reasonable Assurance	0	2	1	21 June 2021	October 2021
Income and Banking	Final report issued / Partial Assurance	3	2	5	21 June 2021	October 2021
Follow Up 2	Final report issued / Reasonable Progress	0	3	1	9 August 2021	October 2021
Housing Compliance	Final report issued / Partial Assurance	2	4	0	16 August 2021	October 2021
Continuous Assurance 2	Final report issued / No opinions are issued for Continuous Assurance reviews	1	2	6	31 August 2021	October 2021
Council Owned Companies	Final report issued / No opinion issued for advisory reviews	0	2	3	13 September 2021	December 2021
Medium Term Financial Planning	Final report issued / Substantial Assurance	0	0	2	27 September 2021	December 2021
Follow Up 3	Final report issued / Little Progress	0	6	3	18 October 2021	December 2021
Street Scene – Stock	Removed from the audit plan, formed part of Follow Up 4.				22 November 2021	N/A
Continuous Assurance 3	See changes to the audit plan below				15 November 2021	N/A
Follow Up 4	Final report issued / Reasonable Progress	0	0	7	13 December 2021	March 2022
Continuous Assurance 4	Final report issued / No opinions are issued for Continuous Assurance reviews	0	0	3	7 February 2022	March 2022

Appendix B – Other matters

Changes to the audit plan since the last Governance and Audit Committee meeting

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

As requested by the Assistant Director of Finance it was agreed to supersede Continuous Assurance 3 with the findings of Continuous Assurance 4 to present the current position and status of the controls as opposed to historic findings.

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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.

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EXECUTIVE SUMMARY – CONTINUOUS ASSURANCE VISIT FOUR

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 has been undertaken as part of the approved Internal Audit Plan for 2021/22. This report covers the fourth cycle of testing in the financial year and has superseded the third visit.

As part of the Internal Audit Plan, we 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 where we identified areas of non-compliance in three out of the ten controls tested. No issues were identified in relation to our testing of seven controls: Land Searches, Purchase Orders and Invoicing, Supplier Bank Accounts, Starters, Complaints, Service of Council Vehicles and Issue of Licenses.

2. FINDINGS AND ACTION PLAN

Area	Finding summary	Risk Context	Actions for Management	Action Owner	Target Date
Planning Applications	<p>Statutory determination times are 13 weeks for major applications, eight weeks for minor and other applications, and 16 weeks for applications subject to an Environmental Impact Assessment (EIA) or to an agreed extension of time.</p> <p>We received and reviewed the planning data for 1 November 2021 to 31 January 2022 which detailed all applications for the period, the planning application determined and the average days of determination.</p> <p>We sampled 10 planning applications to confirm that they had been processed within the applicable timeframes and where deadlines had been exceeded, those extensions had been requested and granted ahead of time. Our testing confirmed that:</p> <ul style="list-style-type: none"> • In five cases (four minor and one other), a decision was issued within the applicable determination time of eight weeks. • In the remaining five cases (minor), in four cases there were agreed extensions in place covering the period between exceeding the initial determination time and a decision being issued. In the remaining case it was confirmed that no extension had been requested. 	Low	Management will ensure all extensions, where decisions are to exceed their initial determination time, are documented on email and attached to the document management system (DMS).	Assistant Director of Planning	31 May 2022

Area	Finding summary	Risk Context	Actions for Management	Action Owner	Target Date
Housing Repairs	<p>Through testing a sample of 10 repair jobs raised between 1 November 2021 to 31 January 2021.</p> <p>This confirmed that in all 10 instances jobs had been appropriately assigned and completed within the set KPI/target completion.</p> <p>We raised in the previous Continuous Assurance audit a management action for management to document its timeframes for completion of repair jobs in a formalised Repairs Policy.</p> <p>There is a risk that in the absence of documented repair timeframes, staff may be unaware of the requirements when booking jobs.</p>	Low	Management will formally document repair timeframes via internal documentation such as a Repairs Policy.	Head of Housing Technical Services	31 May 2022

Area	Finding summary	Risk Context	Actions for Management	Action Owner	Target Date
IT Access Controls	<p>From a sample of 10 new starters between 1 November 2021 and 31 January 2022, we confirmed that an Active Directory account was created within the timescale required by the user.</p> <p>For a sample of 10 leavers between 1 November 2021 and 31 January 2022, we were able to confirm that an Active Directory account was disabled in eight cases within 30 days of the end date of employment.</p> <p>In one case there was no access in place to disable and in the remaining case it has been confirmed that IT were not notified to disable the access to the system.</p> <p>In relation to access to the finance system we confirmed that three employees within the sample had direct access to the system which identified in one case access was only removed at the time of conducting the sample testing.</p> <p>We confirmed with the IT Services Manager that there is a process in place whereby managers raise via the intranet notification of a leaver, which creates a ticket on the Help Desk.</p>	Low	Management will ensure that access to systems is actively disabled within 30 days of an employee leaving the Council.	IT Services Manager	31 May 2022