NORWICH City Council

Committee name: Audit

Committee date: 17/09/2024

Report title: **Internal Audit Annual Opinion Report 2023-24**

Portfolio: **Councillor Kendrick, Cabinet member for resources**

Report from: **Head of Internal Audit**

Wards: **All Wards**

OPEN PUBLIC ITEM

Purpose

1.1 This report concludes on internal audit activity undertaken during 2023/24, it provides an annual opinion concerning the Council's framework of governance, risk management and control and concludes on the effectiveness of internal audit and provides key information for the Annual Governance Statement.

1.2 **Recommendations:**

It is recommended that the Committee:

- Receive and consider the contents of the Annual Opinion Report of the Head of Internal Audit.
- Note that a 'reasonable' audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2024.
- Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Council's Annual Governance Statement for 2023/24.
- Note the outcomes of the Internal Audit's performance measures and the Quality Assurance and Improvement Programme (QAIP)

Policy framework

The council has five corporate priorities, which are:

- A prosperous Norwich.
- A fairer Norwich.
- A climate responsive Norwich.

- A future-proof Norwich.
- An open and modern council. This report meets the “An open and modern council” corporate priority.

This report helps to meet all above corporate priorities.

Introduction and background

1. The Head of Internal Audit should provide an annual report, detailing its opinion on the framework of governance, risk management and control, to those charged with governance to support the Council’s Annual Governance Statement (AGS).

2. This report should include the following: -
    - An opinion on the overall adequacy and effectiveness of the Council’s governance, risk management and internal control environment;
    - Disclose any qualifications to that opinion, together with the reasons for the qualification;
    - Detail a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
    - Any control weakness considered by the Head of Internal Audit to be relevant to the preparation of the AGS;
    - A summary of the work undertaken during the year to support the opinion, including any reliance placed on the work of other assurance bodies;
    - An overall summary of the performance of the Internal Audit Service against its performance indicators; and
    - The results of the internal audit quality assurance programme, including details of compliance with Internal Audit Standards.

3. The purpose of this report is to satisfy this requirement.

Consultation

4. Not applicable for this report.

Implications

Financial and resources

5. There are no specific financial implications from this report; the internal audit plan is delivered from within the resources available.

6. There are no proposals in this report that would reduce or increase resources.

Legal

7. There are no specific legal implications from this report.

Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	Not applicable for this report
Health, social and economic impact	Not applicable for this report
Crime and disorder	Not applicable for this report
Children and adults safeguarding	Not applicable for this report
Environmental impact	Not applicable for this report

Risk management

Risk	Consequence	Controls required
If this report is not received by the Committee, the Committee will be unaware of the Head of Internal Audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion.	The Committee's review of the AGS may not be as effective as this report and opinion assists their review of the Council's AGS.	The programme of work for the Committee includes this report in its schedule and is circulated to all attendees including the Head of Internal Audit. This ensures the report is received by the Committee.

Other options considered

8. Not applicable for this report.

Reasons for the decision/recommendation

9. The Committee is receiving this report as part of their role of considering the Council's framework of assurance.

Background papers: None

Appendices:

Appendix A - Internal Audit Annual Opinion Report 2023-24

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IN TRAN communication for all	If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.

Appendix A

EASTERN INTERNAL AUDIT SERVICES

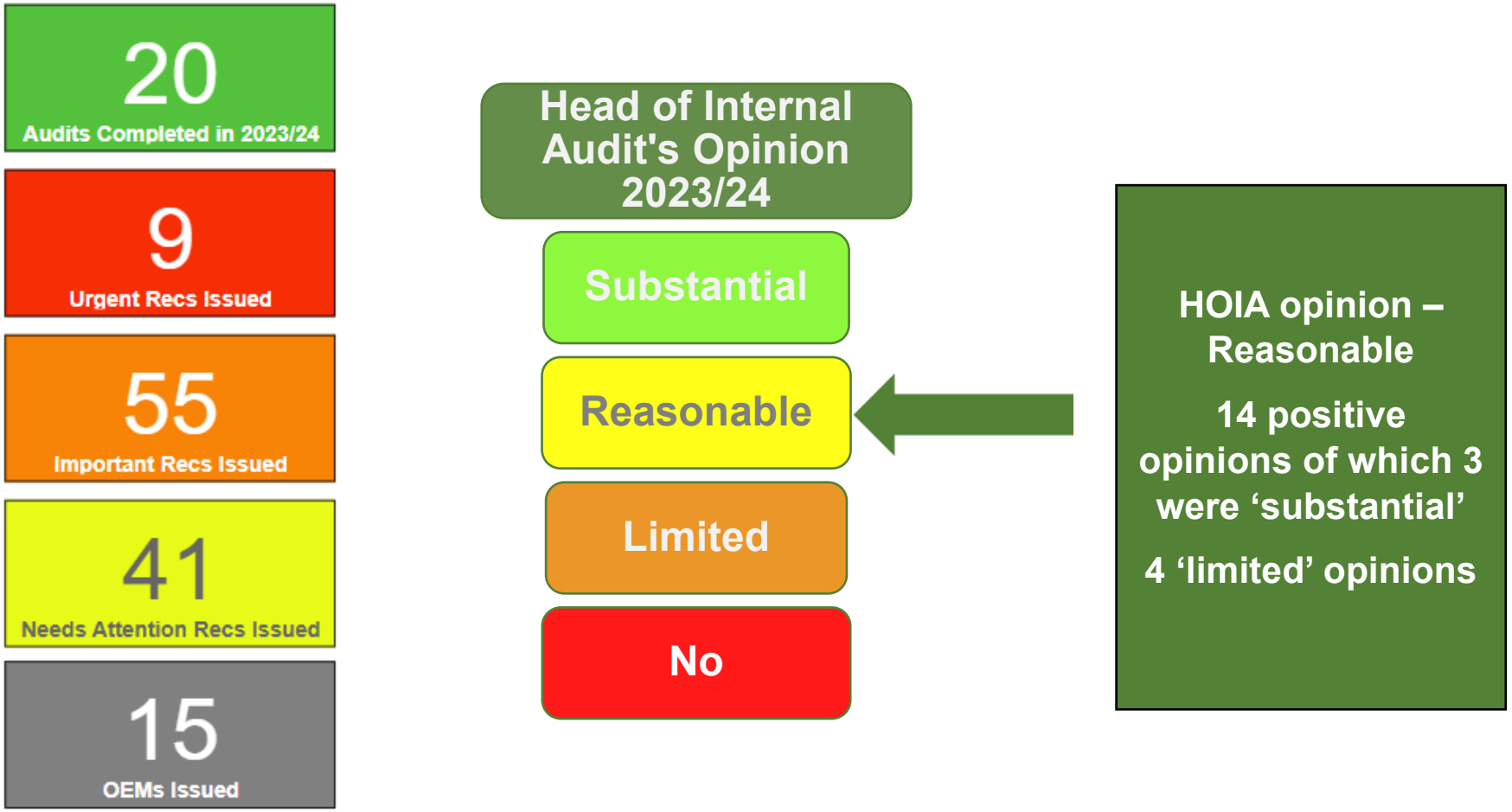
NORWICH CITY COUNCIL

Internal Audit Annual Opinion Report 2023/24

Head of Internal Audit: Teresa Sharman

Contents

Summary: Internal Audit Work 2023/24



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Providing quality public sector internal audit

Executive Summary

Purpose	The Head of Internal Audit should provide an annual report, detailing its opinion on the framework of governance, risk management and control, to those charged with governance to support the Council's Annual Governance Statement (AGS). This report should include the following: - • An opinion on the overall adequacy and effectiveness of the Council's governance, risk management and internal control environment; • Disclose any qualifications to that opinion, together with the reasons for the qualification; • Detail a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies; • Any control weakness considered by the Head of Internal Audit to be relevant to the preparation of the AGS; • A summary of the work undertaken during the year to support the opinion, including any reliance placed on the work of other assurance bodies; • An overall summary of the performance of the Internal Audit Service against its performance indicators; and • The results of the internal audit quality assurance programme, including details of compliance with Internal Audit Standards. The purpose of this report is to satisfy this requirement and Members are asked to note its content.
Background	The Internal Audit Service for the Council is provided by the Consortium, Eastern Internal Audit Services, hosted by South Norfolk Council, which utilises the services of a contractor, TIAA Ltd.

	All audit work is completed in accordance with the International Professional Practices Framework of the Chartered Institute of Internal Auditors, directed by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note 2019. Internal audit provides an independent and objective opinion on the Council's internal controls by evaluation their effectiveness and operation in practice.

Scope of Responsibility	The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. This opinion statement is provided for the use of the Council in support of its AGS for the year ended 31 March 2024.

Head of Internal Audit Annual Opinion Statement	**Opinion** **In summary: -** I have considered the audit work for 2023/24 for the Council and am able to provide **Reasonable Assurance** in relation to the framework of risk management, governance, and internal control. **In detail: -**

My opinion is based on the audit work completed in 2023/24, and the relative materiality of the issues arising from audit work as well as management's progress in addressing any control weaknesses identified, and other third-party assurances. There are some areas which require the introduction or improvement of internal controls to ensure the achievement of the Council's objectives where limited assurance was provided, and urgent recommendations made.

In arriving at my overall annual opinion: -

- I have considered the third-party assurance from the Cabinet Office regarding the Council's connection to the Public Services Network (PSN) as detailed below which provides assurance on the Council's infrastructure security.
- I have considered the outcomes of all audits completed in 2023/24, particularly, the four 'limited' assurance opinions as detailed below.
- I have considered management's progress with addressing outstanding recommendations from previous years as detailed below.
- I have considered the outcomes of the Local Partnerships' review of the governance arrangements at Norwich City Services Limited (NCSL) and the progress the Council has made with implementing their recommendations.

Third party assurances

PSN connection

The Council had its compliance reviewed and a certificate issued by the Cabinet Office having demonstrated that its infrastructure was sufficiently secure to connect to the PSN during the period 27 March 2024 to 27 March 2025.

Payment Card Industry Data Security Standards (PCIDSS) Validation

The Council has maintained its PCI DSS compliance (complaint date 25 April 2024); by achieving this certification, the Council has demonstrated that it is maintaining rigorous data security standards to ensure that its customer's credit card information remains safe and secure.

NHS Digital

The Council completed a Data Security and Protection Toolkit self-assessment to demonstrate it is practising good data security and that personal information is handled correctly. A certificate was issued by NHS Digital which is valid for a year to 27 June 2025, detailing that the Standards were met.

Governance Review of NCSL by Local Partnerships (an in-house public sector consultancy jointly owned by the LGA, HM Treasury and Welsh Government)

Local Partnerships were commissioned by the Council to undertake a review of the governance arrangements associated with NCSL to ensure that the next stages in NCSL's improvement journey proceeded in accordance with best practice. A final report was issued in September 2023 with over 30 recommendations raised, some with more than one aspect to them.

I note that progress has been made with implementing the recommendations raised for example, the Business Plan for NCSL has been completed and goes to Cabinet in September 2024, the terms of references for the Shareholder Panel has been reviewed, as has the membership and a new Chair is in place, and meetings have reverted to quarterly, a new risk register is in place, and a MD has been appointed and meetings with the CEO of the Council take place. In addition, the NCSL Board has been refreshed with recruitments made to fill skill gaps, and a Turnaround Plan is in place. From our audit work, I also note the other governance structures that are in place and being established to monitor the performance of NCSL. However, with changes in staffing at the Council and a new Monitoring Officer starting in September, I note that several actions have been delayed and have not been completed yet, the main ones being refreshing the Shareholder Agreement and updating the Articles of Association.

Limited opinions

Four limited assurance opinions have been issued in 2023/24 and key control weaknesses were identified as detailed below. These control weaknesses represent unresolved risks and should be considered for inclusion within the Council's Annual Governance Statement where the recommendations to address these remain outstanding at year end.

Disabled Facilities Grants (DFGs) (Final report issued 18 March 2024)

The three urgent recommendations relate to the following: -

- Pre-approved purchase order (PO) buffers of £5,000 are used for works because the finance system did not allow variations to be added to the initial PO; therefore, it is standard practice for this amount to be

added to each PO to cover any potential additional work. The new system has the capabilities to amend POs, but this has not been enabled. This increases the risk of fraud and error.

- There is insufficient segregation of duties in the identification, and calculation of work required, sign-off of work completed and approval of invoices for payment. This increases the risk of fraud and error.
- Payment for works completed is paid before the work has been inspected completeness and quality. This increases the risk of complaints and reputational damage if sub-standard work is paid for and not identified.

The due date for management action for the first point is September 2024; the other two are now complete and closed.

The two important recommendations are now complete and closed.

<u>Starters, Movers, and Leavers (Final report 4 July 2024)</u>

The seven important recommendations relate to the following: -

- Access is based on existing staff member's access and is not role-based which may result in a staff member having more access privileges than are necessary for their role or access to data and information that they do not need.
- Not all new starters are set up using the 'ticketing' system; therefore, I.T. are not aware of the need to issue equipment. Where this process is circumvented, I.T. equipment is always not recorded against a new starter. Requests for movers are sometimes received late which means I.T., who process the request, complete this after the date of transfer.
- The Equipment Return Form for leavers is not consistently used and is not raised promptly which means I.T. assets may be unaccounted for and not returned. New starters do not sign to acknowledge the need to return their assets when they leave.
- The ICT asset register is not periodically checked to identify for example, unreturned assets.

This all impacts the ability to the Council to safeguard its assets and information, and to be efficient in its operations.

The due dates for management action range from September 2024 to January 2025.

Private Sector Housing Enforcement (Final report issued 9 September 2024)

The two urgent recommendations relate to the following: -

- Enforcement action is being taken sporadically and not always in line with the Enforcement Policy, which is due to a perceived resourcing issue within the Team. Therefore, issues in private housing are identified reactively, through complaints received rather than being proactively identified and by targeting poor quality landlords, properties, and neighbourhoods.
- There is a lack of clear reporting functionality which means that it was not possible to clearly understand the number of enforcement cases that have been managed by the Team or the number of Cat 1 and Cat 2 actions taken. This has also meant that the KPIs reported to ELT could not be supported. It is recognised that there is a need to improve the data report to ensure the KPIs are more meaningful. There are plans to address system reporting functionality as part of the Council's wider digital strategy.
- A further four important recommendations were also raised.

This all impacts the ability of the Council to monitor the effectiveness of the functions, understand the state of private sector housing, or whether it is meeting its statutory duties.

The due dates for management action range from October 2024 to December 2025.

Housing Repairs and Voids Management (Final report issued 14 August 2024)

Two urgent recommendations relate to the following: -

- There is a need for data cleansing and accuracy checks to be undertaken; data analysis revealed inconsistencies among the overdue responsive repairs work order figures presented in the Dashboard and the Work in Progress (WIP) performance data, with gaps in the 'overdue' field. Not all of the KPIs in the handbook are being reported either. This impacts the ability of the Council to have accurate and complete data for monitoring and decision-making purposes.
- Inspections of work completed for responsive repairs is not undertaken; therefore, substandard work may not be identified and addressed, increasing complaints, and leading to reputational damage.

- A further four important recommendations were raised; one of these is now completed and closed.

The due dates for management action range from October 2024 to April 2025.

Regulatory Notice

In October 2021, the Regulator of Social Housing found that the Council had breached part 1.2 of the Home Standard and because of this breach, there was the potential for serious detriment to tenants and a Regulatory Notice was issued. On 13 December 2023, the issues giving rise to the Notice had been resolved and the Notice was withdrawn. For my annual opinion, I note the improvements in this area and the results of the audit in 2023/24 on Housing Compliance – health and safety statutory compliance checks which was given a reasonable assurance level. A further assurance audit is planned for 2024/25 as part of the ongoing monitoring of compliance in this area.

Outstanding Recommendations

In relation to the follow up of management actions, to ensure that they have been effectively implemented, the position at year end is that 55 recommendations crossing the years 2020/21 to 2023/24 were outstanding as the table below details, which has been accounted for in my overall annual opinion but I note the considerable effort that has been put into completing outstanding recommendation over the past few months.

Audit Year	No. Outstanding	No. of Urgent	No. of Important	No. of Needs Attention
2020/21	2	0	1	1
2021/22	13	0	10	3
2022/23	28	6	10	12
2023/24	12	0	9	3
Total	**55**	**6**	**30**	**19**

Urgent recommendations: -

The six urgent recommendations outstanding at year-end relate to the following audits: -

- 2022/23 Housing Benefits – one recommendation, still outstanding at the end of August 2024, relates to completing a one-off reconciliation between the housing benefits system and the general ledger, developing procedure notes, and carrying out the reconciliation monthly going forward.
- 2022/23 Safeguarding – one recommendation, still outstanding at the end of August 2024, relates to reviewing the roles that required a DBS check, using this to inform a corporate policy for these checks, including renewing DBS checks, and to provide assurance to senior management that all those roles requiring a DBS check have been completed or renewed and evidence retained of this. A list of posts requiring DBS checks, the new policy and evidence of SLT monitoring was due to be provided to close this recommendation in June 2024, with the quarter 2 audit in 2024/25 being completed on DBS checks to confirm that these are in place in accordance with the policy.
- 2022/23 Key Controls and Assurance – these four recommendations have been closed since year-end.

2020/21 and 2021/22: –

All 15 recommendations for these two years have been closed since year-end.

2022/23: -

Out of the 10 important and 12 needs attention outstanding recommendations at year-end, six important and ten needs attention recommendations were still outstanding at the end of August 2024. Of these 16, four do not have a revised due date and for the 12 that do, this date has now passed in three cases.

2023/24: -

All 12 recommendations outstanding at year-end relating to the Anti-Social Behaviour and Income – cash and banking audits have since been closed.

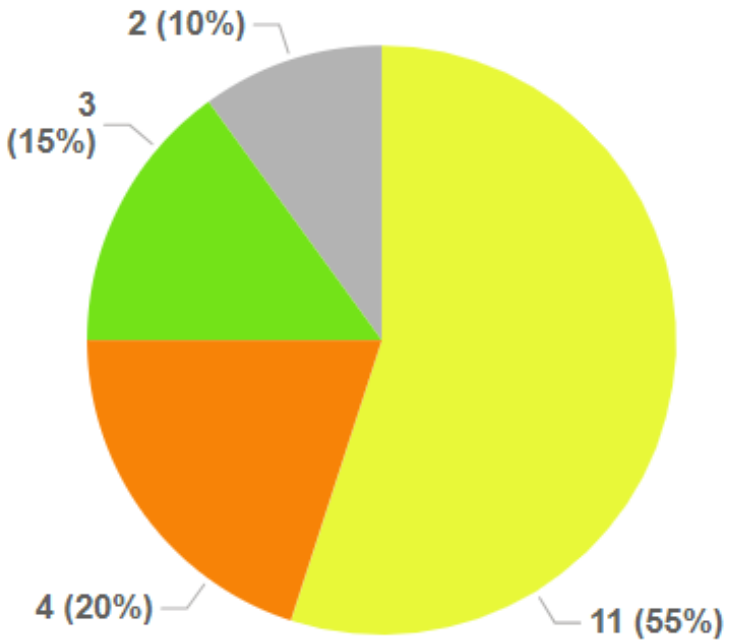
Progress with completing 2023/24 recommendations: -

Of the other six audits which finalised before year-end, out of the total number of recommendations made across these audits, 32, 11 are outstanding, two are not yet due, and 19 have been closed.

	Of the ten audits which finalised after year-end, out of the 62 recommendations made, the majority, 46 are not due for completion yet; a few have been closed and a few are outstanding. A separate Internal Audit Progress and Follow Up report will be presented to the Committee at the October meeting, which will show the details of the progress made to date at that time in relation to the implementation of agreed recommendations and provide an update from management regarding all outstanding recommendations.

Audit Outcomes

Below is the spread of audit opinions across audit work completed in 2023/24, Two of the 20 pieces of work completed were position statements. For a detailed summary of audit work completed, please refer to Appendix 1.



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Audit work in 2023/24 covered corporate areas, service areas, governance, I.T., finance systems, housing benefits, council tax billing and business rates and housing compliance and repairs.

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed, and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed, and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.
Position Statement	Advisory work and Follow Up.

	Appendix 2 shows the assurances provided over previous and current audit years to provide an overall picture of the control environment.

Performance Measures Outcomes

Internal Audit PM Outcomes

Detailed below are the outcomes of Internal Audit's performance measures which relate to the performance of the contractor delivering internal audits for the Council. With only six PIs met, the overall performance status is is 'Amber'. Other than KPI 1 which is measured annually and KPIs 6 and 8 which are measured continuously, all KPIs are measured quarterly.

Overall Performance Status	Amber

KPI Ref.	Description	Outcome
Senior Management		
KPI 1	S151, S17 Satisfaction, annually minimum good.	Below Expected
Internal Audit Process		
KPI 2	APM issued minimum 20 working days before agreed start date of each review – 90% quarterly.	X
KPI 3	Quarterly draft reports issued within 10 working days of the end of the quarter – 95% quarterly.	X
KPI 4	Quarterly final reports issued 20 working days of the end of the quarter – 95% quarterly	X
KPI 5	Quarterly performance pack reported to the Contract Manager within 15 working days of the end of the quarter	✓
KPI 6	Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.	✓
KPI 7	PSIAS compliance – Deep dive review of files indicates good quality evidence saved on file – 100%. Four files per quarter	Not completed

Clients		
KPI 8	Average feedback scores from key clients, quarterly minimum average.	✓
Innovation and Capabilities		
KPI 9	Percentage of recommendations accepted by management 90% overall.	✓
KPI 10	Percentage of qualified / experienced staff working on the contract each quarter – 60%	✓
KPI 11	Number of training hours per member of staff completed each quarter – minimum 1 day per quarter.	✓

KPIs in more detail

Operational KPIs

The table below shows the outcomes of the operational KPIs 2, 3, 4 and 8 in more detail: -

KPI 2 (Issue of APMs)	KPI 3 (Issue of Drafts)
8 out of 18 on time	2 out of 18 on time
KPI 8 (Feedback)	**KPI 4 (Issue of Finals)**
2 out of 18 returned	2 out of 18 on time

For KPI 8, the average feedback score from the two returned surveys was 5, good. The range for the possible scores is, 6 - excellent and 1 – poor.

KPI 7 – PSIAS compliance - deep dive review of files

Regarding KPI 7, compliance with PSIAS deep dive review of files, this was not completed by my predecessor in quarters 1 and 2 because insufficient audits had been completed across Consortium clients. This continued to be the case with quarter 4 audits continuing into the quarter 1 of the new audit year, and due to the Head of

	Internal Audit only being in post for part of quarter 3 and quarter 4 only, it was decided to not complete any deep dive reviews in 2023/24. However, the Head of Internal Audit reviews and approves the issue of all APMs, draft and final reports and views all completed work programmes. As a result, more detail in audit scopes has been requested in APMs, changes to the draft and final reports have been agreed and testing completed has been questioned along the way. **KPI 1 S151 satisfaction** The S151s' satisfaction, KPI 1, was also deemed to be below that expected when reviewed as a collective at the April 2024 Consortium meeting. These together make the overall performance status 'amber' for 2023/24.

Actions to Improve	As the tables above highlight, the Contractor has not met our targets relating to issuing Audit Planning Memorandums (APMs) and draft and final reports within the set timescales. **Reasons for poor performance** Performance in 2023/24 was affected by the carried forward audit work from the previous audit year as well delays in audits starting and progressing in year, which has been due to many reasons such as contractor and Council officer sickness, lack of responses from Council officers to communication from the Contractor, lack of escalation by the Contractor to the Head of Internal Audit or S151s when responses are not received and audits are delayed; therefore, both Council officers and the Contractor have been responsible for this situation. As a result, the 10% quality payment, which is withheld until the end of the year annually, was adjusted accordingly and not paid in full. **Action to address poor performance** The following action is being taken or considered to improve performance: - • To prevent a delay to the delivery of quarter 1 audits in 2024/25, the Contractor has appointed another team to complete these audits.

	• A Protocol, ‘a ways of working together’ and expectations of Council officers and the Contractor has been outlined and issued to ensure that audits are completed as planned in 2024/25 without delay. This includes timescales for responding and escalation action. • As the Contractor does not have exclusivity, consideration is being given to engaging with another contractor to complete some audits during 2024/25. • The Contractor is appointing another Client Manager on the contract as one of the current managers is part time. This will help ensure that all audit work is progressed timely. In addition, more auditors are recruited.

Quality Assurance and Improvement Programme (QAIP)

QAIP	To comply with Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit is required to develop and maintain an ongoing quality assurance and improvement programme (QAIP) which must include both internal and external assessments. There are three requirements as follows: - • Ongoing monitoring of the performance of the internal audit activity. This refers to the day-to-day supervision, review and measurement of internal audit activity that is built into policies and routine procedures. The day-to-day monitoring of audit engagement is completed by the Contractor and progress with audit work and plans are monitored by the EIAS through weekly operational and quarterly performance meetings with the Contractor, and by review and approval of audit outputs, as well as by an evaluation of the Contractor's performance against our suite of KPIs. • Periodic self-assessments to assess conformance with the International Professional Practices Framework (IPPF) that includes the Definition of Internal Auditing, the Core Principles, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. A self-assessment is completed annually. • External assessments of conformance to the IPPF once every five years by a qualified, independent assessor or assessment team from outside the organisation. External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation. The results of the QAIP are reported to the Audit Committee each year as part of this annual report. The Internal Audit Team within EIAS maintain a QAIP which covers internal and external assessments and was detailed within your Strategic and Annual Plan Report 2024/25 to 2026/27.
Internal Assessment	A checklist for conformance with the PSIAS and the CIPFA Local Government Application Note 2019 was completed for 2020/21 and is reviewed for continuing compliance annually. This is a self-assessment which evaluates conformance with the PSIAS.

	This annual self-assessment has not been completed in 2023/24. This is because the Global Internal Audit Standards (GIAS) have been released and will become effective on 1 January 2025. Our focus is now on completing a self-assessment against these to identify any gaps in conformance so that these can be addressed, and a report will be provided to the Audit Committee during 2024/25 on our conformance. A CIPFA version for the Public Sector is expected during 2024. (Note: the PSIAS are based on the mandatory elements of the IPPF).

External Assessment	An external quality assessment (EQA) evaluates conformance with the IPPF. An EQA was carried out in October 2022 by the Chartered Institute of Internal Auditors (IIA). The Internal Audit Service received a 'generally conforms' result, with conformance in 60 out of 64 areas (two areas were not applicable, and two resulted in 'partially conforms'). **Progress with actions** One area of partial conformance was highlighted in coordinating and maximising assurance. Within the Strategic and Annual Plans report for the audit year 2023/24 presented in March 2023, an Assurance Map was provided, outlining the then top risks, along with first, second and third lines of assurance. This was not repeated for the 2024/25 audit year. It has been proposed to complete detailed assurance maps for at least one of the Council's corporate risks. The second area of partial conformance was raised to ensure that all EIAS clients receive an external quality assessment as it falls due on the five-year anniversary. This well be ensured at the five-year anniversary in 2027.

Summary of Internal Audit Work 2023/24 Appendix 1

Audit Area	Status	Opinion	Total	Urgent	Important	Needs Attention	OEMs
Income - cash and bank	Final	Substantial	7	0	3	4	1
Waste Management - Biffa Contract	FInal	Substantial	2	0	0	2	0
Housing Needs, Allocations, Homelessness and Housing Register	Final	Substantial	3	0	1	2	0
Business Continuity and Emergency Planning	Final	Reasonable	5	0	2	3	0
Procurement and Contract Management	Final	Reasonable	4	0	3	1	2
Information Security and Data Compliance	Final	Reasonable	8	0	2	6	4
Parking and Civil Enforcement	Final	Reasonable	9	0	4	5	0
Council Tax and NNDR	Final	Reasonable	1	0	1	0	4
Health and Safety Statutory Compliance Checks - housing and non-housing	Final	Reasonable	7	0	6	1	0
Key Controls and Assurance	Final	Reasonable	6	1	3	2	0
Accounts Receivable	Final	Reasonable	4	0	3	1	2
Customer Contact Team	Final	Reasonable	4	0	2	2	0
Housing Benefits	Final	Reasonable	4	1	0	3	1
Anti-Social Behaviour	Final	Reasonable	8	0	8	0	0
Private Sector Housing Enforcement	Final	Limited	7	2	4	1	1
Disabled Facilities Grants	Final	Limited	7	3	2	2	0
Housing Repairs and Void Management	Final	Limited	10	2	4	4	0
Starters, Movers, Leavers	Final	Limited	9	0	7	2	0
Environmental Sustainability	Final	Position Statement	N/a	N/a	N/a	N/a	N/a
Corporate Governance	Final	Position Statement	N/a	N/a	N/a	N/a	N/a

Audit Area	Status	Opinion	Total	Urgent	Important	Needs Attention	OEMs
Non-Housing Capital Programme Management	-	Deferred	N/a	N/a	N/a	N/a	N/a
Equalities	-	Deferred	N/a	N/a	N/a	N/a	N/a
Accountancy Services	-	Deferred	N/a	N/a	N/a	N/a	N/a
Staff Wellbeing	-	Deferred	N/a	N/a	N/a	N/a	N/a
Risk Management	-	Deferred	N/a	N/a	N/a	N/a	N/a

(Note: OEMs are Operational - Effectiveness Matter)

Grant Certifications	The following grant were certified by EIAS during 2023/24: - • Disabled Facilities Capital Grants P/e 2022/23 • Local Authority Delivery (LAD) Phase 3 P/e 30/11/2023

Other work	An investigation on planned maintenance contracts procurement in 2023/24 and the executive summary of the report was received by the Committee in March 2024.

For Your Information: -

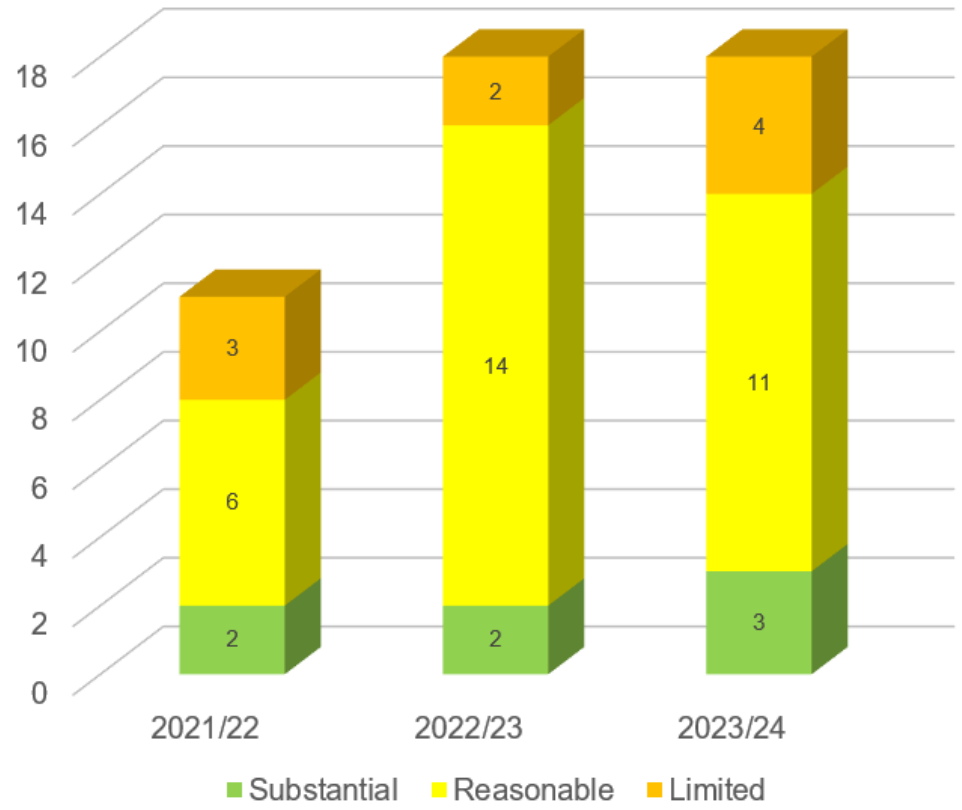
Urgent – Priority 1	Fundamental control issue on which action to implement should be taken within 1 month.
Important - Priority 2	Control issue on which action to implement should be taken within 3 months.
Needs Attention – Priority 3	Control issue on which action to implement should be taken within 6 months.

Summary of Audit Opinions

Appendix 2

Audit Opinions by Year

The following chart shows the audit opinions over the last three years: -



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Providing quality public sector internal audit

Executive Summary – NC2404 Key Controls and Assurance

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The objective of the audit is to review the systems and controls in place to help confirm that these are operating adequately, effectively and efficiently.

KEY STRATEGIC FINDINGS

The Annual Governance Statement (AGS) for 2023/24 was not completed or published at the time of the audit fieldwork in June 2024. The draft AGS for 2023/24 was published late in July 2024. The draft Financial Statements of the same period were published by the due date.

A draft version of the Annual Governance Statement (AGS) 2022/23 is published on the Council's website. Finalisation of the AGSs is dependent on completion of the External Audits.

Starters, leavers and change forms were not always appropriately authorised and completed on a timely basis.

Reconciliations between the housing benefit system and the housing rents system to the General Ledger are still not being completed. The Housing Benefits report NC2310 raised an urgent recommendation regarding this which is still outstanding. Therefore, the same recommendation has been reiterated in this report. Work is still in progress to design a reconciliation process.

Former tenant rent arrears were not always subject to follow up actions and are left on hold in the system due to the new automated process implemented in March 2024.

GOOD PRACTICE IDENTIFIED

Payments over the upper threshold of £2,000 were subject to review to ensure accuracy of payment.

Payroll differences identified in pay for the previous month are identified and investigated as appropriate.

SCOPE
This is an annual review of key controls and feeds into the Statement of Accounts. This audit covers; the assurance framework, payroll, housing benefit and council tax, and housing rents. For those systems not subject to a full audit review within the year, additional coverage will be required.

ACTION POINTS			
Urgent	Important	Needs attention	Operational
1	3	2	0

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The objective of the audit is to review the systems and controls in place within Accounts Receivable (sundry debtors), to help confirm that these are operating adequately, effectively, and efficiently.

KEY STRATEGIC FINDINGS

- **The Account Receivable Debt Collection Strategy needs updating to reflect implementation of the new Unit 4 finance system and current practices.**
- **Council debts are not always being chased in accordance with the Account Receivable Debt Collection Strategy with a total of approximately £1.5m debts being over 90 days old.**
- **Testing of credit notes and refunds indicated that these were not always issued in a timely manner.**
- **Testing of invoices revealed that all 25 cases were accurately raised against the initial request, with supporting source documentation identified and retained on the system.**

GOOD PRACTICE IDENTIFIED

- **The service area issues detailed monthly aged debt reports, providing analysis of outstanding debt categorised by dunning/day, budget holder or debtor, etc. These reports offer the most current status of debt and facilitate decisions regarding the next stages of recovery, ensuring relevant services areas provide updates.**

SCOPE

The objective of the audit was to review the systems and controls in place within Accounts Receivable (sundry debtors), to help confirm that these are operating adequately, effectively and efficiently. The audit will focus on policies and procedures, raising of sundry debtors, refunds and transfers, suspense account,

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	3	1	2

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

Based on our sample reviewed, health and safety compliance checks for the six key compliance areas are being completed by due dates, with certificates held to support this.

For housing properties: Figures reporting the current position of completed and outstanding compliance checks to the Health and Safety Compliance Board (HSCB) are accurate and correct. Dashboard uploads are either automated or independently verified, where manual intervention is required, ensuring the integrity of the data, with little opportunity for figures to be manipulated.

Non-housing properties: Compliance reporting is not in the same dashboard format as housing properties and only those assets classed as 'high risk' have been reported to the HSCB. The format is currently being revised to include both high and low risk assets and a new dashboard is in development.

There are some control weaknesses which need addressing as follows: -

A variety of systems are used to manage compliance and drive the figures for the dashboards, some of which sit with the Council, such as NEC and SharePoint shared files, and some which are the responsibility of the contractor such as Crimson and Teams. There is some disparity between how systems are used for recording and monitoring, with some processes largely automated and some requiring more manual uploads and recording.

With data held across such a wide range of systems, being dealt with in different ways and with many different personnel involved, there is a risk of data loss or corruption. Whilst the current systems in place are shown to be working, as reflected in the positive figures reported to HSCB, the current arrangements drain resources and limit monitoring capabilities.

The remedial tracker has not been kept up to date or effectively utilised. If remedial work is not immediately rectified by the contractor at the time of discovery, this requires Council Leads to identify works and raise purchase orders to contractors. This could lead to delays in rectifying

	issues, or issues being missed altogether, presenting safety risks to people and property which could result in legal implications. POs for remedial works are raised after works have been undertaken, despite no emergency requirement to do so resulting in a risk of unauthorised expenditure. POs are not referenced back to the original compliance checks to support the need for remedial works.
	Although the qualifications and accreditations of contractors are checked at the procurement stage by contract managers, there is a weakness in the ongoing checking of contractors and their retention of up-to-date qualifications and the recording of this.
	The information held for properties on the NEC and Civica systems did not reconcile, with a record identified on the certification system that did not appear on the NEC database for gas checks. Whilst this instance did not result in any compliance issues, if the systems do not reconcile there is a risk that expiry dates driven by the data within Civica will not update on NEC, resulting in checks showing as incorrectly overdue, or being missed at next expiry.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

CORP14: Norwich City Council has identified a series of weaknesses in its management of health and safety compliance in its Council homes and Buildings.

GOOD PRACTICE IDENTIFIED

	Council leads were engaging, knowledgeable and committed to the Council's health and safety compliance process.
	Automated approaches such as contractors carrying out certain remedial works during inspections / servicing is deemed best practice.

SCOPE

A corporate level risk has been raised regarding the management of health and safety compliance in the Council's homes and buildings. The Council has been working on an improvement plan following a self-referral to the Regulator. The Notice issued was withdrawn in December 2023. This audit reviewed the adequacy, effectiveness and efficiency of the systems and controls in place over health and safety statutory compliance checks for housing and non-housing.

ACTION POINTS

Urgent	Important	Routine	Operational
0	6	1	0

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

- CORP22 'Failure to meet performance and service improvement requirements (repairs & maintenance)'
- CORP26 'Failure to effectively manage commercial property portfolio'

KEY STRATEGIC FINDINGS

Inspections of work completed for responsive repairs is not undertaken; therefore, substandard work may not be identified and addressed. For voids work, inspections are not consistently recorded as completed on the system.

There is a need for data cleaning and accuracy checks as data analysis of the 'Works Orders' Excel document revealed inconsistencies among the overdue responsive repairs work order figures presented in Power Business Intelligence (BI) Dashboard, and Work in Progress (WIP) Performance data, with gaps in the 'overdue' field. Also, not all of the KPIs in the handbook are being reported.

A system to monitor the time taken to complete voids work including setting appropriate completion timescales, needs to be put in place with deviations from this identified and understood to inform this process and the rental income lost.

The Turnaround Plan outlined 43 actions due by March 2024, of which 20 (46.5%) remain outstanding. A new plan is underway which was yet to be implemented at the time of the audit. At the issue of the draft report, management confirmed that this had been completed and received by the Shareholder Panel.

GOOD PRACTICE IDENTIFIED

Norwich City Council and Norwich City Services Ltd (NCSL) Operational Team meeting (OTM) occurs monthly to discuss progress for repairs & maintenance. Review of the agenda and minutes detail both operational and financial performance updates as standing items.

SCOPE
This audit provided assurance on the data integrity of performance information, confirm adequate arrangements are in place to support reporting, and assess the progress against the improvement plan. The review will also include testing of compliance with timescales for completing routine repair works, contractors' timely appointment scheduling and attendance, missed appointments and rescheduling, and monitoring contractors' delivery of the service to the tenants.

ACTION POINTS			
Urgent	Important	Need Attention	Operational
2	4	4	0

Executive Summary – NC2411 Private Sector Housing

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Corporate Risk Register - Q3 23-24 CORP17 - Failure to deliver acceptable levels of performance in regulatory services

KEY STRATEGIC FINDINGS

There are significant issues that need to be addressed within private sector housing, which is recognised by the Manager, and an Improvement Action Plan is required for this purpose.

There is a need to enhance and expand the current policy / strategy to ensure this supports a more proactive approach to private sector housing and better fulfil the Council's statutory obligations.

There is perceived resourcing issue within the Team. This has resulted in enforcement actions being sporadic and not always in line with the Policy. Issues in private housing are identified reactively, through complaints received rather than being proactively identified and targeting poor quality landlords, properties and neighbourhoods.

There is a lack of clear reporting functionality which means that it was not possible to clearly understand the number of enforcement cases that have been managed by the Team or the number of Cat 1 and Cat 2 actions taken. This has also meant that the KPIs reported to ELT could not be supported.

It is recognised that there is a need to improve the data report to ensure the KPIs are more meaningful. There are plans to address system reporting functionality as part of the Council's wider digital strategy.

SCOPE

The audit reviewed the private sector enforcement arrangement in place particularly covering the Council's commitments for enhancing housing conditions locally and risks

ACTION POINTS

Urgent	Important	Routine	Operational
2	4	1	1

SCOPE
The audit reviewed the private sector enforcement arrangement in place particularly covering the Council's commitments for enhancing housing conditions locally and risks relating to damp and mould and health and safety. Policies and procedures, Reactive review of complaints, and Performance management were also reviewed in detail.

ACTION POINTS

Urgent	Important	Routine	Operational
2	4	2	1