

To: **Governance and Audit Committee**  
**22<sup>nd</sup> September 2021**

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**Internal Audit Update**  
**Head of Audit and Risk Management**

**1 Purpose of Report**

1.1 This report presents the update on progress on the annual Internal Audit Plan.

**2 Recommendations**

**2.1 To note the update on progress on the Internal Audit Plan for 2021/22.**

**3 Reasons for Recommendations**

3.1 To ensure the Council complies with statutory requirements for internal audit.

**4 Alternative Options Considered**

4.1 There are no alternatives.

**5 Supporting Information**

**Internal Audit**

5.1 Delivery of the Council's internal audit services in 2021/22 is being delivered as follows:

- TIAA Ltd who will undertake IT audit;
- Farsight Consulting who will audit schools,
- Wokingham Council's Business Assurance team delivering internal under services under a S113 agreement;
- One temporary senior auditor working who has been with us since July 2020 and leaves us in early September; and
- two permanent in-house senior auditors who joined us in the summer of 2021.

5.2 Progress against the 2021/22 Internal Audit Plan is set out in Appendix 1. There has been some delay in progressing the 21/22 Audit Plan as a backlog of 20/21 audits deferred to late qtr 4 or early qtr 1 of 21/22 at management request had first to be cleared, schools scheduled to be audited were not prepared to have audits undertaken until the autumn and the new senior auditors were not able to join us until July and August.

**6 Consultation and Other Considerations**

**Legal Advice**

6.1 There are no specific legal implications arising from the recommendations in this Report.

Financial Advice

6.2 There are no financial implications arising from this report.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 A robust internal audit service is essential for ensuring proper processes are in place for effective control.

Background Papers

Internal Audit Plan 2021/22

Internal Audit Charter

Contact for further information

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**BRACKNELL FOREST COUNCIL  
HEAD OF AUDIT AND RISK  
MANAGEMENT'S INTERIM REPORT**

**SEPTEMBER 2021**

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## 1.BACKGROUND

- 1.1 The Council is required under the Accounts and Audit (Amendment) (England) Regulations to “maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper practices in relation to internal control.” This report summarises the activities of Internal Audit for the period April to 31st August 2021 drawing together progress on the Annual Internal Audit Plan, risk management and other activities carried out by Internal Audit.

## 2. INTERNAL AUDIT

- 2.1 The basic approach adopted by Internal Audit falls broadly into four types of audit:
- System reviews provide assurance that the system of control in all activities undertaken by the Council is appropriate and adequately protects the Council’s interests.
  - Regularity (financial) checking helps ensure that the accounts maintained by the Council accurately reflect the business transacted during the year. It also contributes directly towards the external auditor’s audit of the annual accounts.
  - Computer/IT audits, carried out by specialist audit staff, provide assurance that an adequate level of control exists over the provision and use of computing facilities
  - Certification as required by relevant Government departments that grant monies have been spent in accordance with grant terms and conditions.
- 2.2 Recommendations are made after individual audits, leading to an overall assurance opinion for the system or establishment under review and building into an overall annual assurance opinion on the Council’s operations called the Head of Internal Audit Annual Opinion. The different categories of recommendation and assurance opinions are set out in the following tables.
- 2.3 Since 1<sup>st</sup> April 2019 we have been categorising our **audit opinions** according to our assessment of the controls in place and the level of compliance with these controls as follows::

	Good - There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to the achievement of objectives and this is being complied with. Recommendations will only be of low priority.
	Adequate - there is basically a sound system of control but there are some areas of minor weakness and/or some areas of non- compliance which put the system/process objectives at risk. Recommendations will only be low or moderate in priority.
	Partial - there are areas of weakness and/or non- compliance with control which put the system/process objectives at risk and undermine the system’s overall integrity.

	Recommendations may include major recommendations but could only include critical priority recommendations if mitigated by significant strengths elsewhere.
	Inadequate - controls are weak across a number areas of the control environment and/or not complied with putting the system/process objectives at significant risk. Recommendations will include major and/or critical recommendations
	None - There is no control framework in place and management is inadequate leaving the system open to risk of significant error or fraud.

2.4 We categorise our recommendations according to their level of priority as set out below:

	Critical - Critical and urgent in that failure to address the risk could lead to factors such as significant financial loss, significant fraud, serious safeguarding breach, critical loss of service, critical information loss, failure of major projects, intense political or media scrutiny. Remedial action must be taken immediately.
	Major - failure to address issues identified by the audit could have significant impact such as high financial loss, safeguarding breach, significant disruption to services, major information loss, significant reputational damage or adverse scrutiny by external agencies. Remedial action to be taken urgently.
	Moderate - failure to address issues identified by the audit could lead to moderate risk factors materialising such as medium financial loss, fraud, short term disruption to non-core activities, scrutiny by internal committees, limited reputational damage from unfavourable media coverage. Prompt specific remedial should be taken.
	Low - failure to address issues identified by the audit could lead to low level risks materialising such as minor errors in system operations or processes, minor delays without impact on service or small financial loss. Remedial action is required.

### 3. SUMMARY OF INTERNAL AUDIT RESULTS TO DATE

- 3.1 The Annual Internal Audit Plan for 2021/22 was considered and approved by the Governance and Audit Committee on 24th March 2021. The delivery of the individual audits during 2021/22 is being undertaken by
- TIAA Ltd who will undertake IT audit;
  - Farsight Consulting who will audit schools,
  - Wokingham Council's Business Assurance team delivering internal under services under a S113 agreement;
  - One temporary senior auditor working who has been with us since July 2020 and leaves us in early September; and
  - two permanent in-house senior auditors who joined us in the summer of 2021.
- 3.2 There has been some delay in progressing the 21/22 Audit Plan as a backlog of 20/21 audits deferred to late qtr 4 or early qtr 1 of 21/22 at management request had first to be cleared, schools scheduled to be audited were not prepared to have audits undertaken until the autumn and the new senior auditors were not able to join us until July and August.
- 3.3 Between April to August 2021, 1 grant audit and 4 reports/memos were finalised, 3 reports/memos were issued in draft awaiting management responses, 5 reports were

issued in draft for discussion, 1 draft report was at quality review stage and 13 audits were work in progress.

- 3.4 Details on the status and outcome of all audits are attached at Appendix A. A summary of the outcome of finalised and audits with reports issued in draft are set out below.

2021/22 ASSURANCE LEVELS	NUMBER OF AUDITS TO DATE	2020/21 ASSURANCE LEVELS	NUMBER OF AUDITS
Good	2	Good	4
Adequate	2	Adequate	15
Partial	1	Partial	10
Inadequate	0	Inadequate	0
No assurance	0	No assurance	0
<b>Total for Audits with an Opinion</b>	5	<b>Total for Audits with an Opinion</b>	29
Memos and reports with Major Recommendation and no Opinion	0	Memos and reports with Major Recommendation and no Opinion	4
Other Follow Up Memos/ Reports with no Opinion	2	Other Follow Up Memos/ Reports with no Opinion	3
<b>Total Audits</b>	7	<b>Total Audits</b>	36
Grant Certifications	1	Grant Certifications	7
<b>Overall Total</b>	8	<b>Overall Total</b>	43

### **Identified High Priority Control Issues**

- 3.5 Audits which have identified high priority recommendations will generally be revisited in 2022/23, to ensure successful implementation of agreed recommendations. No critical recommendations have been raised to date in 2020/21 however a number of recommendations falling under our major recommendation category have been raised as set out below:

AUDITS WHERE HIGH PRIORITY ISSUES HAVE BEEN IDENTIFIED SINCE THE LAST UPDATE IN THE INTERNAL AUDIT 20/21 ANNUAL REPORT IN JUNE 2021		
<ul style="list-style-type: none"> <li>Security camera controls</li> </ul>	<p>Three major recommendations were raised relating to gaps in the CCTV policy and non compliance that should be addressed, ensuring that there is adequate signage at camera locations and setting rules and developing procedures for access and sharing of data.</p>	<p>ASSURANCE OPINION: <b>PARTIAL</b></p>

### Update of Previous Audits with High Priority Recommendations

3.6 Since April 2021, we have followed up one audit from 2020/21 where significant weaknesses had been identified (reactive maintenance). The Head of Audit and Risk Management can report that issues previously identified have been addressed.

### Quality Assurance and Improvement Programme

3.7 As shown below, no completed client questionnaires had been received to date for 2021/22. In 92% of cases internal audit delivered the first draft report within 15 days of the exit meeting.

	Client Questionnaires		Draft Report /Memo Produced within 15 Days of Exit meeting
	Received	Satisfactory	
<b>1<sup>st</sup> April to 31<sup>st</sup> August 2021</b>	-	-	92%
<b>2020/21</b>	9	89%	60%

## 4. PROGRESS ON INTERNAL CONTROL ENVIRONMENT 2021/22

4.1 It is still too early in the financial year to make a reliable assessment on the direction of travel of the control environment. Progress to improve the control environment will be monitored quarterly based on the outcome of the audits undertaken and in particular identifying whether agreed management actions for areas previously found to have significant control weaknesses have been implemented as this has been a key factor in the Head of Audit and Risk Management's annual opinion on the control environment for the last 3 years.

## 5. RISK MANAGEMENT

- 5.1 The Strategic Risk Register has already been reviewed twice by the Strategic Risk Management Group (SRMG) and once by the Corporate Management Team. Directorate risk registers continue to be updated quarterly.





AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	inadequate	Critical	Major	Moderate	Low	
subsequent action plan implementation												
<del>Business Continuity</del>												"D" Audit deferred to qtr 1 of 22/23 as Business continuity project delayed due to COVID
Complaints Process	August 21											Draft issued for discussion
Corporate Governance infrastructure –People only												Qtr 3 audit
E+ card- general control, IT controls and information governance arrangements with contractors												Work in progress
<b>Grant Reviews and Certifications</b> Bus Service Operator												Work in progress
Troubled Families	24/6/21	30/6/21	✓	N/A – Memo to support PBR submission								Finalised
Troubled Families- March 2022 submission												Qtr 4 audit
Green Homes Grants compliance audit												Work in progress
COVID Restart grants												Work in Progress



### 3. CORE FINANCIAL SYSTEMS

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Reconciliations												Qtr 3 audit
Staff establishment costs (Joint HR and Finance audit budgeted under OD, Transformation and HR)												Qtr 3 audit
Banking - advisory audit												Qtr 3 audit
Council Tax												Qtr 3 audit
Business Rates												Qtr 3 audit
Creditors												Qtr 4 audit
Housing Benefit and Council Tax Reduction												Qtr 3 audit

### 4. IT AUDIT

IT AUDIT	Start Date	Date of Draft Report	Key Indicator Me*	Assurance Level				Critical	Major	Moderate	Low	Status
				Good	Adequate	Partial	Inadequate					
Transport routing	August 2021											Work in progress
Emergency Duty Service System												Qtr 3 audit
Forestcare IT systems including telephony												Deferred to qtr 4 due to delays





## 7. DELIVERY

AUDIT	Start Date	Date of Draft Report	Key Indicator met*	Assurance level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Public Protection Partnership (Follow up- partial assurance 2020/21)												Qtr 3 audit
Reactive Maintenance (Follow up- partial assurance 2020/21)	August 2021	27/8/21	✓	N/A- Follow up memo. All recommendations addressed								Finalised
Commercial property (Follow up- partial assurance 2020/21)												Qtr 3 audit
Cemetery and Crematorium	12/7/21											"D" Draft report being quality reviewed
Everyone Active Covid support		30/6/21	✓	✓								Finalised
Green Homes Grants	July 2021	31/8/21	✓									Draft report issued for discussion





AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance levels				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
<del>Group supervision and Motivational interviews</del>												Audit cancelled at request of service area
Permanency planning	August 2021											Work in Progress
Post leaving Care												Qtr 3 audit
Larchwood	26/7/21											Work in Progress
Glenfield- mental health supported living	August 2021											"D" Work in Progress
<del>Youth Offending service</del>												Cancelled by service area
Forestcare												Late Quarter 2 audit
Disabled Facilities Grants-												Qtr 4 audit
Homelessness procurement advisory piece												Late Qtr 2 audit
Housing Management follow up												Qtr 4 audit
COVID Test and trace grants												Qtr 3 audit
Open Learning Centre												Late quarter 2 audit

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance levels				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Nursery provider support payments												Deferred to qtr 4 at service area request

## 9. SCHOOLS

AUDIT	Start Date	Date of Draft Report	Key Indicator Met	Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	Status
School census												Qtr 3 audit
Services to schools- Can Do	12/8/21											Work in Progress
Free school meals												Qtr 3 audit
Fox Hill (follow up -Ltd 2017/18 and 2018/19)												"D" Qtr 3 audit
The Pines												"D" Qtr 3 audit
Woodenhill (follow up -Ltd 2018/19)												"D" Qtr 3 audit
Ascot heath (reaudit-Ltd 2018/19)												"D" Qtr 3 audit
Sandhurst (follow up partial 19/20)												"D" Qtr 3 audit
Kennel Lane follow up												"D" Qtr 3 audit
St Michael's Easthampstead												"D" Qtr 3 audit

AUDIT	Start Date	Date of Draft Report	Key Indicator Met	Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	Status
(follow up partial 19/20)												
Whitegrove	7/6/21	29/7/21	X									"D" Draft for discussion issued
Binfield												"D" Qtr 3 audit
St Michael's Sandhurst												"D" Qtr 3 audit
Winkfield												"D" Qtr 3 audit
Owlsmoor												"D" Qtr 3 audit

## APPENDIX 2

2020/21 AUDITS IDENTIFYING SIGNIFICANT ISSUES		
AUDIT	RATING	CURRENT AUDIT STATUS
• Debt Management	PARTIAL	To be re-audited in Qtr 4
• Management of Essential Car User Allowances and Mileage	PARTIAL	To be followed up in Qtr 4
• Public Protection Partnership	PARTIAL	To be followed up in Qtr 3
• Management of Commercial Properties	PARTIAL	To be followed up in Qtr 4
• Reactive Maintenance	PARTIAL	Followed up and all significant issues raised have been addressed
• Cyber	PARTIAL	To be followed up in Qtr 3
• Agresso IT System Follow Up	FOLLOW UP HENCE NO OPINION BUT MAJOR RECOMMENDATIONS RAISED	To be followed up in Qtr 3
• Creditors	PARTIAL	To be re-audited in Qtr 4
• Business Rates	BOTH PARTIAL	To be re-audited in Qtr3
• Council Tax and council tax		
• Domiciliary Care Follow up	FOLLOW UP HENCE NO OPINION BUT MAJOR RECOMMENDATION STILL OUTSTANDING	To be re-audted in Qtr 1 of 22/23
• Breakthrough	PARTIAL	To be followed up in Qtr 3

OTHER AUDITS AREAS WHERE SIGNIFICANT ISSUES IDENTIFIED PRE 20/21 WERE STILL OUSTANING AT 31/3/21	CURRENT AUDIT STATUS
<ul style="list-style-type: none"> <li>● Forestcare (Follow Up Memo. 2019/20 Also limited in 2017/18)</li> </ul>	Forestcare will be re-audited at the end of Qtr 2
<ul style="list-style-type: none"> <li>● Adult Social Care Pathway (Qtr 4 2017/18 Audit)</li> </ul>	To be followed up in Qtr 4
<ul style="list-style-type: none"> <li>● Loans for Housing Rents and Deposits</li> </ul>	To be followed up as part of the debt management audit in Qtr 4 of 21/22
<ul style="list-style-type: none"> <li>● Public Health</li> </ul>	To be re-audited in Qtr 4
<ul style="list-style-type: none"> <li>● Disabled Facilities Grants</li> </ul>	To be re-audited in Qtr 3
<ul style="list-style-type: none"> <li>● ICT Continuity Management</li> </ul>	To be re-audited as part of business continuity in Qtr 1 of 22/23