



## **INTERNAL AUDIT – QUARTERLY PROGRESS REPORT**

### **1 PURPOSE OF REPORT**

- 1.1 To update the Audit Committee on progress made in delivering the Internal Audit Strategy for 2024/25.

### **2 LINKS TO COUNCIL'S PRIORITIES AND OBJECTIVES**

- 2.1 Audit work contributes to the delivery of all the Council's Aims, Targets and Objectives.

### **3 RECOMMENDATION**

- 3.1 It is proposed that the Committee **RESOLVES**

(1) To note the progress made in delivering the 2024/25 Internal Audit Strategy.

### **4 INTERNAL AUDIT PLAN STATUS**

- 4.1 **Appendix 1** sets out the current status of the audit work planned for the year as at 3<sup>rd</sup> September 2024.

### **5 PERFORMANCE TARGETS**

- 5.1 As outlined in the Strategy presented to the April 2024 Committee meeting, the team will be reporting on a more limited set of indicators this year given the amount of work that is still being contracted out.

- 5.2 As at 3<sup>rd</sup> September 2024:

- For the period since 1 April 2024 the team have had an average of 1.2 days of sickness absence.
- of the 27 jobs in the plan, including those brought forward from the previous year:
  - three are fully complete (**see Appendix 2 & 3**)
  - four are at draft report stage
  - four are work in progress

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- three are having terms of reference developed and agreed
  - twelve are not yet due to have been started
  - one has the timing still to be agreed.

5.3 Stakeholder surveys have now re-commenced and will be completed throughout the year as audits are finalised. No surveys have been completed since last reported to Audit Committee.

## **6 RESOURCING**

6.1 Since the last report to the Audit Committee in July there have been no further changes to the staffing of the team. The team currently has four vacancies. The salaries of the vacant posts are being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.

## **7 RISK IMPLICATIONS**

7.1 Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework that may impact on the Council's ability to deliver its Corporate Aims, Targets and Objectives. A key mitigating factor is the work of the Good Governance Group (the Group). Assurance provided by this Group is summarised in the regular Monitoring Report on the Council's Governance Arrangements.

7.2 The main risks the team continues to manage are the:

- loss of in-house staff and the ability of the service to replace this resource at all or in a timely manner
- lack of management capacity to support and process work in a timely manner and provide strategic leadership to the team
- possibility that the external suppliers won't deliver contracted out work within the required deadlines or to the expected quality standards
- need to maintain relationships with clients / partners.

## **8 FINANCIAL IMPLICATIONS**

8.1 The Audit Plan will be delivered within the approved budget.

8.2 Any financial implications arising from identifying and managing fraud risk will be considered through the normal financial management processes.

## **9 LEGAL IMPLICATIONS**

9.1 The Accounts and Audit Regulations 2015 require that the Council undertakes an effective internal audit to evaluate the effectiveness of its risk

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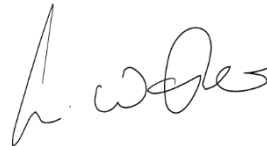
management, control and governance processes, taking into account public sector internal auditing standards or guidance. The UK Public Sector Internal Audit Standards require the Audit Committee to approve (but not direct) the annual Internal Audit Plan and then receive regular updates on its delivery. This report contributes to discharging this duty.

**10 HUMAN RESOURCES IMPLICATIONS**

- 10.1 Human Resource issues that are relevant to an audit within the Audit Plan will be considered as part of the review.
- 10.2 Regular updates will be provided to the Audit Committee on how the service is being resourced (as required by the Standards).

**11 EQUALITY AND DIVERSITY IMPLICATIONS**

- 11.1 The relevance of equality and diversity will be considered during the initial planning stage of each audit before the Terms of Reference are agreed.



Lance Wosko

Assistant Director, Finance & Procurement (s151 officer)

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**Appendices**

- Appendix 1: Internal Audit Plan 2024/25
- Appendix 2: Opinions and Themes – Partial Assurance
- Appendix 3: Opinions and Themes – Minimal Assurance

**Background Papers:-**

- The Accounts and Audit Regulations 2015
- UK Public Service Internal Audit Standards
- CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards

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## Appendix 1: Internal Audit Plan 2024/25

Dept.	Service Activity	Fraud risk	Status as at 3 Sept 2024
<b>Managing the Business</b>			
<b>All Aims</b>			
All	<p><b>Transforming Together</b></p> <p>To assess the robustness of arrangements in place to move the Council's transformation programme into business as usual, while continuing to achieve the anticipated benefits.</p>	Yes	<b>Terms of reference being prepared</b>
All	<p><b>Contract management</b> (brought forward)</p> <p>To assess the robustness of arrangements in place to support compliance with legislation and good practice, while ensuring the contracts deliver the appropriate quality of services and achieve value for money.</p>	Yes	<b>Completed September 2024</b>
All	<p><b>ICT Strategy</b></p> <p>To assess the suitability of the Council's ICT strategy and the effectiveness of its application to support and enable achievement of the Council's strategic goals.</p>	No	<b>Planned for Q4</b>
All	<p><b>Performance Management</b> (brought forward)</p> <p>To assess the adequacy of arrangements in place to monitor and manage the effective delivery of services, objectives, targets and outcomes in line with Corporate Plan.</p>	Yes	<b>Draft report with Head of Internal Audit</b>
C&C	<p><b>ICT audit work: utilisation, usage and skills</b> (brought forward)</p> <p>To assess the adequacy of arrangements to implement new digital tools and solutions and integrate these effectively into the Council's ways of working.</p>	Yes	<b>Draft report being prepared by contractor</b>

## Appendix 1: Internal Audit Plan 2024/25

Dept.	Service Activity	Fraud risk	Status as at 3 Sept 2024
C&C	<p><b>ICT audit work: projects and contracts</b> (brought forward)</p> <p>To assess the adequacy of arrangements to develop and implement projects to maximise the impact of digitalisation opportunities to drive improvements in service delivery and increased efficiency.</p>	Yes	<b>Work in progress</b>
All	<p><b>Procurement</b> (brought forward)</p> <p>To assess the robustness of arrangements in place to support compliance with legislation and good practice, while ensuring procurement enables the delivery of quality services and achieves value for money.</p>	Yes	<b>Completed September 2024</b>
All	<p><b>Data Governance</b></p> <p>To assess the adequacy of arrangements to ensure the quality, integrity, availability and security of data within the Council.</p>	Yes	<b>Terms of reference being discussed with business</b>
C&C	<p><b>Complaints</b></p> <p>To assess the robustness of arrangements to ensure complaints are dealt with effectively, within relevant timeframes and in line with the required policies, procedures and / or codes.</p>	Yes	<b>Planned for Q3</b>
All	<p><b>Emergency Planning</b></p> <p>To assess the robustness of arrangements in place for responding to a civil emergency, allowing the Council to fulfil its legal responsibilities and comply with other relevant good practice.</p>	Yes	<b>Planned for Q4</b>
<i>Implementing Action Plans</i>			
All	<p><b>Procurement</b></p> <p>To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.</p>	Yes	<b>Planned for Q4</b>
C&C	<p><b>Cyber Security Incident Management</b></p> <p>To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.</p>	Yes	<b>Planned for Q3</b>

## Appendix 1: Internal Audit Plan 2024/25

Dept.	Service Activity	Fraud risk	Status as at 3 Sept 2024
<b>Managing Service Delivery Risks</b>			
<b>Aim: People</b>			
All	<p><b>Sickness Absence Management</b> (brought forward)</p> <p>To assess the robustness of management arrangements to address sickness absence, to appropriately support both the individual and the organisation.</p>	Yes	<b>Draft report with the business</b>
P&C	<p><b>Licensing</b></p> <p>To assess whether licence applications are appropriately and promptly processed, and all due income is received.</p>	Yes	<b>Work in progress</b>
<b>Aim: Place</b>			
P&C	<p><b>S106 &amp; CIL Agreements</b></p> <p>To assess the robustness of arrangements to ensure income from CIL and S106 contributions is maximised, and funds are utilised to the benefit of the borough.</p>	No	<b>Planned for Q3</b>
<i>Implementing Action Plans</i>			
P&C	<p><b>Fire Safety</b></p> <p>To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.</p>	Yes	<b>Planned for Q3</b>
P&C	<p><b>Housing Health and Safety Compliance</b></p> <p>To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.</p>	Yes	<b>Planned for Q3</b>

## Appendix 1: Internal Audit Plan 2024/25

Dept.	Service Activity	Fraud risk	Status as at 3 Sept 2024
<b>Aim: Environment</b>			
C&A	<p><b>Estate and Asset Management</b></p> <p>To assess the suitability of arrangements to manage the Councils assets and enable them to support delivery of the Council's duties, vision, priorities, objectives and plans for the borough.</p>	Yes	<b>Planned for Q3</b>
<i>Implementing Action Plans</i>			
C&A	<p><b>Waste Service Delivery</b></p> <p>To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.</p>	Yes	<b>Planned for Q3</b>
<b>Aim: Economy and Growth</b>			
P&C	<p><b>Castle Point Place Partnership (CPPP)</b></p> <p>To assess the effectiveness of the CPPP governance arrangements in supporting the Council to effectively deliver transformative regeneration within the borough, alongside its key Partners.</p>	Yes	<p><b>Terms of reference agreed</b></p> <p><b>Timing of work being discussed</b></p>
<b>Key Financial Systems: All Aims</b>			
P&C	<p><b>Housing Rent Collection and Arrears Management</b> (brought forward)</p> <p>To assess the effectiveness of arrangements to ensure billing is accurate and income to the Council is maximised, while ensuring financial errors are prevented and / or detected in a timely manner so information can be relied upon when producing the Council's statement of accounts.</p>	Yes	<b>Completed July 2024</b>

## Appendix 1: Internal Audit Plan 2024/25

Dept.	Service Activity	Fraud risk	Status as at 3 Sept 2024
C&C	<p><b>Treasury Management</b> (brought forward)</p> <p>To assess the effectiveness of key controls to ensure compliance with the Treasury Management Strategy and prevent or detect material errors, so that this information can be relied upon when producing the Council's statement of accounts.</p>	Yes	<b>Work in progress</b>
C&C	<p><b>General Ledger</b></p> <p>To assess the effectiveness of arrangements to prevent and / or detect financial errors, on a timely basis so that this information can be relied upon when producing Castle Point Borough Council's (the Council) Statement of Accounts.</p>		<b>Planned for Q3</b>
<b>Advice and Support</b>			
C&C	<p><b>Financial sustainability</b> (brought forward)</p> <p>Provide ongoing support and challenge of the arrangements to deliver a balanced budget for 2024/25 and medium-term financial strategy.</p>	Yes	<b>Work in progress</b>
P&C	<p><b>Planning Peer Review</b></p> <p>To provide advice, support and challenge over any actions resulting from the anticipated peer review, helping to ensure plans are SMART and address any recommendations made.</p>	No	<b>Timing to be confirmed</b>
C&A	<p><b>Events Service Level Agreement</b></p> <p>To provide advice and support on the arrangements to ensure the Council receives all monies due from the new Event's SLA.</p>	Yes	<b>Planned for Q3</b>
C&C	<p><b>CRM Project</b></p> <p>To provide advice, support and challenge over project processes and key documents as they are established to ensure the new CRM system is fully operational within the intended timeframes and budget, as well as achieving the expected benefits.</p>	No	<b>Feedback provided on initial business case</b>



## Appendix 1: Internal Audit Plan 2024/25

Dept.	Service Activity	Fraud risk	Status as at 3 Sept 2024
<b>Managing Delivery of the Audit Plan</b>			
	Audit Planning and Resourcing		
	Managing Audit Plan Delivery		
	External Quality Assessment		
	Reporting to Executive Management Team and Audit Committee		

## Appendix 1: Internal Audit Plan 2024/25

Audit Activities	Resource allocation
Managing the Business	32%
Managing Service Delivery Risks	25%
Key Financial Systems	6%
Implementing Action Plans	19%
Grant Claims	0%
Advice and Support	11%
Managing Delivery of the Audit Plan	17%
<b>Total</b>	<b>100%</b>
<b>Total Council Audit Plan Days</b>	<b>286</b>

The days required to revisit and retest action plans from previous reports are included under each heading.

Analysis Over Departments		
C&C	Corporate and Customer	127
P&C	Place and Communities	88
C&A	Commercial and Assets	33
All	Cross cutting	18
All	Managing Delivery of the Audit Plan	20
	<b>Total</b>	<b>286</b>

## Appendix 1: Internal Audit Plan 2024/25

Risk Watch List	
All	Council Commercialisation
All	Corporate Data Strategy
All	Information Governance
All	Risk Management
C&C	ICT Data Security and Management
C&C	ICT Steering Group
C&C	ICT Contract
C&C	Housing Benefits
P&C	Community Safety Partnership
C&A	The Paddocks
P&C	Food Premises Inspections
P&C	Private Sector Housing
P&C	Grounds Maintenance and Street Scene
P&C	Housing Strategy
P&C	Damp, Mould and Condensation
P&C	Sheltered Housing
P&C	Housing Allocations
C&C	Sustainability of the Housing Revenue Account
P&C	Management of Void Properties
P&C	Responsive Repairs
C&A	Regeneration
P&C	Building Control
C&C	Financial Management and Budgetary Control
C&C	Business Planning, Service Planning and linkage to delivery of Corporate Plan
C&C	Payroll

## **Appendix 1: Internal Audit Plan 2024/25**

These are other potential audits that may be considered for inclusion in the Audit Plan during the year should resources permit or the risk profile change.

## Appendix 2: Audit Opinion and Themes

### Assurance



### Rent Collection & Arrears Management

#### Objective

To assess whether there are robust arrangements in place to ensure rent collection is maximised through the:

- Raising of complete and accurate rental charge bills
- Timely collection of rent payments; and
- Suitable management of all arrears.

#### Themes

The Council relies on experienced staff and institutional memory of rent collection and arrears management processes. The Council do not have a clear and formal policy that outlines the processes that should be followed, nor an up-to-date procedure which explains how it should be implemented. Procedural guidance does not define the roles and responsibilities of staff and was not version controlled with the current Policy having been due for review in 2021.

Although reconciliations are undertaken, we noted gaps in the process of rental charge reconciliations, such as the periodic reconciliation not being subject to review by a second officer and a lack of formal evidence of sign-off.

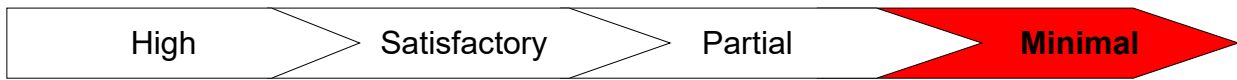
There is no service improvement plan in place which drives the continuous and innovative improvement upon current systems, processes and arrangements.

Finally, there is a lack of formal performance reporting within the Council, nor is there clear operational performance reporting to senior management. While we noted that KPIs were in place to measure performance standards, these were inconsistently reported on and analysed by senior management at the Rent Panel, and improvement plans were not in place where performance did not meet assigned targets.

Number of actions agreed: 6

## Appendix 3: Opinion and Themes

### Assurance



### Contract Management

#### Objective

To assess the robustness of arrangements in place to support compliance with legislation and good practice, while ensuring contracts deliver the appropriate quality of services and achieve value for money.

#### Themes

Contract management across the Council was found to be inconsistent, and a number of areas where it is possible to strengthen arrangements were identified, including:

- introducing a standardised procurement, contract and contract management document retention policy and process
- more formalised management and reporting of contractors' performances
- increased oversight of budget monitoring and management.

Introducing a central procurement or contract management function would provide a dedicated resource to ensure the Council's contract management policies and procedures are up-to-date and reflective of current regulations and legislation, and that these are adhered to, supporting the Council to act lawfully.

As well as helping to ensure the Council's approach aligns with necessary legislative procurement requirements, introducing independent review and oversight of contract management by a suitably experienced resource will help to ensure:

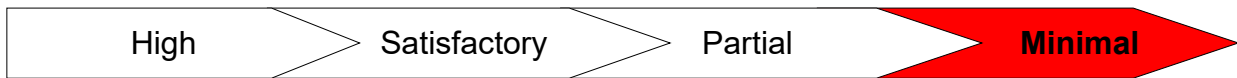
- regulations, policies and procedures have been complied with
- suitable document retention is in place
- training and support needs of contract managers can be proactively identified and addressed
- there is suitably robust contract management to ensure contract delivery supports achievement of objectives.

There is also benefit in the Council introducing a Critical Contracts policy, with accompanying procedures and guidance. This will help to ensure those contracts deemed critical to the Council's operations are identified and have suitable visibility and business continuity plans in place.

Number of actions agreed: 17

## Appendix 3: Opinion and Themes

### Assurance



### Procurement

#### Objective

To assess the robustness of arrangements in place to support compliance with legislation and good practice, while ensuring procurement enables the delivery of quality services and achieves value for money.

#### Themes

A number of business management processes were identified as not operating effectively. Risks to delivering objectives linked to procurement could not be shown as being understood or mitigated to an acceptable level.

The majority of the Council's regulations, policies, procedures and guidance are out of date and there was seen to be inconsistent knowledge and awareness around these, meaning application in practice is not always aligned.

All expenditure tested had a clear business need. However, there is a need to ensure pre-tender estimates are being properly calculated in all cases to ensure the correct procurement strategies are being followed, and that the successful quotation / tenders are considered against the Council's original pre-tender estimates.

Introducing regular training for staff responsible for procurement, and independent oversight of procurement activities will help to ensure:

- where framework agreements are being used, agreements and rules are obtained and complied with
- where the E-tendering portal is used, communication is taking place through the system and not via email
- maintaining equal treatment of bidders throughout the procurement process
- robust record and evidence keeping, especially for moderation and consensus scoring, as well as the evaluation process
- publication of up-to-date and accurate versions of the contracts register and spend data.

Number of actions agreed: 7