

# **Title of report: Internal Audit- “Limited” Opinion Reports Q1 2023/24**

**Meeting: Audit and Governance Committee**

**Meeting date: Monday 31 July 2023**

**Report by: Head of Internal Audit / Head of Strategic Finance**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards)

## **Purpose**

The purpose of this report is to consider the risks and associated mitigations outlined in the internal audit reports on Registration Services and Housing Solutions – Financial Processes.

## **Recommendation(s)**

**That:**

- a) **The committee note the reports and be assured that the risks outlined in the internal audit reports on Registration Services and Housing Solutions-Financial Processes have been suitably mitigated.**

## **Alternative options**

1. There are no alternative recommendations. This summary of the findings of internal audit and the opinion are not matters which the committee may alter.

## **Key considerations**

2. The report and actions plan on Registration Services (Appendices A and B) highlights control weaknesses in the following areas:
- Building and Assets security

- Service Managers had failed to address the recommendations from previous inspection reports
  - The Council had no corporate oversight of these issues and non response
  - Poor stock control of certificates
  - Inadequate financial records but no evidence of fraud
3. The report provides an overall opinion of “Limited Assurance” and contains 11 agreed actions (3 x Priority 1, 7 x Priority 2 and 1 x Priority 3). The Registration Service were responsive to the audit and have responded positively to the issues raised.
  4. The committee should receive an update from the Management of Registration Services on the delivery of the agreed actions and be assured that control issues are being addressed (Appendix D).
  5. The report and actions plan on Housing Solutions - Financial Processes (Appendix C) highlights control weaknesses in the following areas:
    - Inadequate checking of payments made by purchase card.
    - Payments are being made from the imprest account that should be made through the appropriate financial systems. These also lacked supporting documentation and approval.
    - There are continuity and resilience issues as much of the financial processing is reliant on a single individual.
    - End of tenancy maintenance costs, somewhat unknown, are not budgeted for.
  6. The report provides an overall opinion of “Limited Assurance” and contains 10 agreed actions (6 x Priority 2 and 4 x Priority 3). The Housing Services Team were responsive to the audit and have responded positively to the issues raised.
  7. The committee should receive an update from the Management of Housing Solutions on the delivery of the agreed actions and be assured that control issues are being addressed.

### **Community impact**

8. The council’s code of corporate governance commits the council to managing risks and performance through robust internal control and strong public financial management and to implementing good practices in transparency, reporting, and audit to deliver effective accountability. By ensuring robust management responses to identified risks, the council will be better able to meet its corporate plan priority to secure better services, quality of life and value for money.

### **Environmental impact**

9. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire’s outstanding natural environment.
10. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council’s Environmental Policy.

## **Equality duty**

11. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
12. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is an annual opinion report, we do not believe that it will have an impact on our equality duty.

## **Resource implications**

13. None arising from the recommendations; any additional recommendations made by the committee will be considered by the relevant manager or cabinet member and the financial implications of accepting those recommendations will be considered then.

## **Legal implications**

14. Section 5 of the Accounts and Audit Regulations 2015 require the council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
15. It is a function of this committee, under 3.5.10 (a) of the council's constitution to consider the head of internal audit's annual report and opinion, and the level of assurance it can give over the council's corporate governance arrangements.

## **Risk management**

16. Risks identified by internal audit are mitigated by actions proposed by management in response. Progress on implementation of agreed actions is reported to this committee every six months.

## **Consultees**

17. None.

## **Appendices**

Appendix A – Internal Audit Report – Registration Services

Appendix B -Internal Audit Agreed Action Plan - Registration Services

Appendix C - Internal Audit Report and Action Plan on Housing Solutions - Financial Processes

Appendix D - Update on Registration Services Internal Audit Report February 2023

**Background papers**

None identified.