



North Tyneside Council

Audit Committee

8 November 2021

Wednesday, 17 November 2021 0.01 Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.**

Agenda Item	Page
1. Apologies for Absence	
To receive apologies for absence from the meeting.	
2. Declarations of Interest and Dispensations	
You are invited to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.	
You are also invited to disclose any dispensation in relation to any registerable and/or non-registerable interests that you have been granted in respect of any matter appearing on the agenda.	
3. Minutes	5 - 10
To confirm the minutes of the meetings of the Committee held on 28 July, 22 September and 6 October 2021.	
4. Key Outcomes from Internal Audit Reports issued between May 2021 and November 2021	11 - 28
To give consideration to a report which details the outcomes of Internal Audit reports issued between May and November 2021.	

Members of the public are entitled to attend this meeting and receive information about it. North Tyneside Council wants to make it easier for you to get hold of the information you need. We are able to provide our documents in alternative formats including Braille, audiotape, large print and alternative languages.

5. Exclusion Resolution

The Committee will be requested to pass the following resolution:

Resolved that under Section 100A of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

6. Strategic Audit Plan 2021/22 Interim Monitoring Statement

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To give consideration to a report on the Strategic Audit Plan 2021/22.

Circulation overleaf ...

Members of the Audit Committee

Kevin Robinson (Chair)
Councillor Debbie Cox
Councillor Mrs Linda Arkley OBE
Councillor Linda Bell
Councillor John Stirling

Malcolm Wilkinson (Deputy Chair)
Councillor Janice Mole
Councillor Gary Bell
Councillor John O'Shea

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Audit Committee

Wednesday, 28 July 2021

Present: K Robinson (Chair)
M Wilkinson
Councillors Mrs L Arkley OBE, D Cox, J Mole, J O'Shea
and J Stirling.

AC/10/21 Apologies for Absence

Apologies for absence were submitted on behalf of Councillors G Bell and L Bell.

AC/11/21 Declarations of Interest and Dispensations

There were no declarations of interest or dispensations reported.

AC/12/21 Minutes

Resolved that the minutes of the meeting of the Committee held on 26 May 2021 be confirmed as a correct record and signed by the Chair.

AC/13/21 Draft Annual Statement of Accounts 2020.21

Consideration was given to a report which provided an update on the closure of the 2020/21 accounts.

It was explained that the Ministry of Housing, Communities and Local Government had put in place revised regulations which had moved the publication date for the Authority's audited accounts from 31 July 2021 to 30 September 2021. The revised regulations provided local authorities with additional flexibility in relation to the public inspection period. Previously the documents had to be available for public inspection in the first 10 working days in June and the new regulations required the Authority to commence its public inspection period on or before the first working day of August 2021. It was explained that the public inspection period for 2021 for this Authority was 5 July to 13 August. A draft set of accounts was required to be published by no later than 31 July 2021 and the Committee was advised that a draft set of the accounts had been published on the Authority's website on the 5 July 2021.

It was also explained that the Authority's External Auditors had commenced its audit of the 2020/21 accounts on the 5 July and it was anticipated that a signed off set of accounts would be published by the end of September 2021.

An unaudited draft copy of the Annual Financial Report 2020/21 was presented for members information and an overview of the contents of the report was given. It was explained that the statement of accounts provided an overview of the authority's finances for

2020/21 and that the year had been unprecedented with the effects of the Covid-19 pandemic being felt by every household, business, school and other organisations in the Borough.

Reference was made to the Authority's reserves and an explanation provided on the various categories of reserves including committed reserves and those which were usable.

An update was provided on the pension fund and it was noted that the figures shown in the accounts was based on independent actuarial valuations. It was explained that the valuations were reviewed every three years.

It was explained that the Authority was in a good financial position and that written information would be provided to members on how the draft accounts compared with the budget that had been set for the year.

Resolved that (1) the publication of the draft set of accounts in advance of 31 July 2021 be noted; and
(2) the commencement of the external audit on 5 July 2021 be noted

AC/14/21 Exclusion Resolution

Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

AC/15/21 Corporate Risk Management Summary Report

Consideration was given to a report which outlined the corporate risks that had been identified for monitoring and management by the Council's Senior Leadership Team, as of 7 April 2021 and reported to Cabinet on 24 May 2021. The report provided detailed information on each of the corporate risks including the cause of the risk, the consequences if the risk were to materialise, the existing and new controls in place to address the risks and an assessment of their likelihood and potential impact. Reference was also made to the possible inclusion of the financial cost of each of the risks in future reports.

Resolved that the report be noted.

Audit Committee

Wednesday, 22 September 2021

Present: Mr M Wilkinson (Chair)
Councillors Mrs L Arkley OBE, G Bell, L Bell, D Cox,
J Mole, J O'Shea and J Stirling

AC/16/21 Apologies for Absence

An apology for absence was submitted on behalf of the Chair, Mr K Robinson

AC/17/21 Declarations of Interest and Dispensations

There were no declarations or interest or dispensations reported.

AC/18/21 2020/21 Annual Financial Report

Consideration was given to a report which provided the Committee with an update on the progress being made regarding the completion of the 2020/21 audited annual financial report.

Reference was made to the late circulation of the main report and its appendices and it was suggested that consideration of the report be deferred to allow sufficient time for the contents of the report to be considered.

The reasons for the delay in producing and circulating the report were explained in detail. It was also explained that further works needed to be undertaken by the External Auditor and officers following receipt of the outstanding information required to complete the audit.

Resolved that consideration of the report be deferred to a future meeting

AC/19/21 Annual Governance Statement

Consideration was given to a report which advised the Committee of the outcome of the review of the Authority's system of internal control. It was explained that consideration had been given in the Annual Governance Statement to the impact of changes made as a result of the Covid-19 pandemic, particularly the suspension of face-to-face Authority meetings and the sudden move to home working by over 1000 officers of the Authority.

In addition as part of the national sector-led improvement programme the Authority had taken part in a Local Government Association (LGA) Corporate Peer Challenge. A follow up visit, on the 29th and 30th June 2021, had been undertaken to review progress on the six corporate peer challenge recommendations and to carry out a Covid-19 recovery and renewal challenge. It was explained that the feedback from the LGA team had been extremely positive and four recommendations had been made to support the Authority's ongoing work on Covid-19 recovery and renewal.

It was explained that the Annual Governance Statement was attached to the Statement of Accounts once finalised.

Resolved that consideration of the report be deferred to the next meeting.

AC/20/21 Exclusion Resolution

Resolved that under Section 100A of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Part 1 of Schedule 12A of the Act.

AC/21/21 Conclusion of Shared Service Arrangement (Internal Audit and Risk Management)

Consideration was given to a report which set out the upcoming changes to the service delivery arrangements for Internal Audit and Risk Management.

Clarification was provided in relation to several questions raised by members of the Committee on the contents of the report and the implications for the Authority. It was suggested that an update on the changes be provided to the March 2022 meeting.

Resolved that (1) the report be noted;
(2) the contents of the report be used as part of the ongoing evaluation of the framework of governance, risk management and control; and
(3) an update be provided at the March 2022 meeting

Audit Committee

Wednesday, 6 October 2021

Present: M Wilkinson (Chair)
Councillors Mrs L Arkley OBE, G Bell, L Bell, D Cox,
J Mole, J O'Shea and J Stirling

AC/22/21 Apologies for Absence

An apology for absence was submitted on behalf of the Chair, Mr K Robinson.

AC/23/21 Declarations of Interest and Dispensations

There were no declarations of interest or dispensations reported.

AC/24/21 Annual Financial Report 2020/21

Consideration was given to a report which provided an update on the progress made to complete the Authority's 2020/21 Audited Annual Financial Report. This report had been deferred at the last meeting of the Committee and had been updated to take account of the need to update the draft accounts to reflect changes to the pension deficit following receipt of the revised report of the Actuary. It was also explained that the changes had necessitated additional testing to be carried out by the external auditor as part of its audit work and therefore the external audit of the draft statement of accounts for the year ended 31 March 2021 had not been concluded due to the need to adjust the financial statements in light of the revised actuary report. It was explained that Regulation 10 of the Accounts and Audit Regulations 2015 allowed for this and the Director of Resources had therefore issued a notification that the Authority had been unable to publish its audited 2020/21 final statement of accounts by the 30 September 2021 deadline. The Committee was advised that it had been anticipated that the external audit would be completed within the first 10 working days of October and it had not been anticipated that there would be any material errors which significantly changed the financial statements.

The external auditor explained that the majority of authorities nationally had not been able to meet the deadline for the publication of the final accounts and that North Tyneside was ahead of the game. The review of the pension liability had almost been completed and the work on the Covid-19 funding stream had progressed. It was explained that all outstanding queries had been progressed and the risk assessment had been completed. The final report would be shared with the Director of Resources although it was not anticipated that there would be any significant changes.

Members sought clarification on the Authority's position in relation to its borrowing requirements and it was explained that the overall position had been better at the end of 2020/21 when compared to the previous year. It was also explained that the Authority continually managed the risks in relation to its borrowing requirements.

Resolved that (1) the progress to date on the audit be noted; and

(2) the Director of Resources be authorised to approve the 2020/21 Annual Financial Report subject to any material changes being reported to the Chair and Deputy Chair of the Audit Committee.

AC/25/21 Annual Governance Statement 2020-21

Consideration was given to a report which set out the Authority's Annual Governance Statement which had been deferred at the last meeting. It was explained that there had been no changes made to the Statement since the last meeting nor had any fresh concerns around governance been identified.

Resolved that (1) the outcome of the review of the Authority's systems of internal control be noted;
(2) the draft Annual Governance Statement be approved to accompany the 2020/21 Statement of Accounts; and
(3) the actions proposed in the Annual Governance Statement relating to any governance issues identified be noted.

North Tyneside Council Report to Audit Committee Date: 17 November 2021

Title: Key Outcomes from
Internal Audit reports Issued
between May 2021 and
November 2021

Report from Service Area: Resources

Report Author: Kevin McDonald, Acting Chief Internal Auditor (Tel: 643 5738)

Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to advise the Audit Committee of key outcomes from Internal Audit reports issued between May 2021 and November 2021 (**Appendix A**).

1.2 Recommendation(s):

It is recommended that the Audit Committee considers the key findings from, good practice identified in, and management action taken in response to the Internal Audit reports issued in this period, summarised in **Appendix A**.

1.3 Council plan and policy framework

The work of Internal Audit and the Audit Committee covers all service responsibilities as identified within the Council Plan.

1.4 Information

Key Outcomes from Internal Audit Reports Issued Between May 2021 and November 2021

- 1.4.1 The work programme established for the Audit Committee ensures that the Committee receives regular reports summarising the outcomes from Internal Audit's planned work during the year. This is important in ensuring that Audit Committee is able to maintain oversight of emerging risks and governance themes as these arise during the year. This also reflects the Public Sector Internal Audit Standards (PSIAS), which state that "in addition to the annual report, the Chief Internal Auditor should make arrangements for interim reporting to the organisation in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the annual report".

1.4.2 A summary of key outcomes from planned Internal Audit reports issued between May 2021 and November 2021, including findings, areas of good practice identified, and action taken to date by management in response to each audit, along with details of other substantive work undertaken including providing programme assurance and grant certifications, is attached as **Appendix A**. This information, along with intelligence gained from other substantive audit work reported earlier in the year and project assurance work, supports the development of the Annual Opinion from the Chief Internal Auditor on the Framework of Governance, Risk Management and Control.

1.5 Decision Options:

It is recommended that the Audit Committee considers the summary of Internal Audit reports issued, attached as **Appendix A**, as part of its consideration of the framework of governance, risk management and control within the organisation.

There are no other options available in relation to this report.

1.6 Reasons for recommended option:

This recommendation will allow the Authority to operate in line with legislation, good practice and professional guidance.

1.7 Appendices:

Appendix A: Key Outcomes from Internal Audit Reports Issued Between May 2021 and November 2021

1.8 Contact officers:

Kevin McDonald (Acting Chief Internal Auditor) Tel 643 5738
Chris Henderson (Senior Auditor) Tel 01670 623939

1.9 Background information:

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author.

- (a) [Public Sector Internal Audit Standards](#), Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2017 (P)
- (b) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, February 2019 (P)
- (c) [Financial Regulations](#) C.24 – C.35, Version 5a, September 2013 (P)
- (d) Strategic Audit Plans 2020/21 & 2021/22 (P)
- (e) Internal Audit Reports & Briefing Notes prepared from May 2021 to November 2021.
- (f) Corporate Strategic, Service Strategic and Operational Risk Registers (C)
- (g) [The Accounts and Audit Regulations 2015](#) April 2015 (P)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Effective internal audit is an essential part of the Authority's governance arrangements, both financial and non-financial. Internal Audit examines the Authority's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. The audit of the Authority's activities promotes good financial governance and the importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste and inefficiency.

There are no direct financial implications arising from the recommendations set out in this report.

2.2 Legal

The Accounts and Audit Regulations 2015 require the Authority 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. The Public Sector Internal Audit Standards require that the Chief Internal Auditor should make arrangements for interim reporting to the organisation in the course of the year.

2.3 Consultation/community engagement

All Internal Audit reviews were shared with and reported to the relevant audit client upon conclusion of each audit assignment, with actions agreed by management. Management comments on the summary of key outcomes from Internal Audit reports have been included in the report.

2.4 Human rights

There are no human rights issues arising from this report.

2.5 Equalities and diversity

There are no equality and diversity issues arising from this report.

2.6 Risk management

Risks have been considered and there are no risks identified directly arising from this report.

2.7 Crime and disorder

There are no specific crime and disorder issues arising from this report. The work of Internal Audit is a key strand in the Authority's counter-fraud arrangements, as set out in the Strategic Audit Plan.

2.8 Environment and sustainability

There are no environment and sustainability issues arising from this report.

Report authors Kevin McDonald
Chris Henderson

Internal Audit Service

Key Outcomes from Internal Audit Reports Issued Between May 2021 and November 2021

November 2021



1 Introduction – the Framework of Governance, Risk Management and Control

- 1.1 Internal Audit is an independent and objective assurance function designed to add value and improve an organisation's operations. Under the Public Sector Internal Audit Standards (PSIAS), Internal Audit is required to help an organisation accomplish its objectives by "bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."
- 1.2 It is important that the Audit Committee receives regular updates on key findings and governance themes from Internal Audit's work. This is also emphasised in the PSIAS which requires the Chief Internal Auditor to provide an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, and also to report on emerging issues in year.

2 Purpose of this Report

- 2.1 This report summarises the outcomes from Internal Audit reports which have been finalised, in consultation with management, and issued in the period from May 2021 to November 2021. Information has been provided on the level of assurance for each audit (described below), the number of recommendations made (classified according to priority), areas of good practice identified, and main findings. The progress made/action taken by management in respect of key issues identified from each audit has also been included. It is too early to report on action taken for a number of recommendations as the target dates have not yet been reached. In these cases, recommendations will be followed up later in the year in accordance with Internal Audit's agreed processes.
- 2.2 It is intended that by providing regular reports on key outcomes from Internal Audit's work, this will enable the Audit Committee to develop an ongoing awareness of the soundness of the framework of governance, risk management and control, in addition to receiving the Chief Internal Auditor's annual opinion on this matter each May.
- 2.3 In this report, details of five audit assignments are presented. Of the five assignments, three received a 'significant assurance' opinion and two received a 'limited assurance' opinion. No 'critical' or 'high' priority recommendations were made. These reports are detailed in **Section 4** below. Due to the Coronavirus pandemic and the reprioritising of Internal Audit resources a number of additional audit reports are still at draft stage and will be presented in the next Key Outcomes Report.
- 2.4 In addition to performing internal audits of existing systems within the Authority and responding to queries on the operation of such systems, Internal Audit has a significant and increasing role in advising on new systems within the Authority. Whilst the time spent on such assurance work reduces the number of available audit days, it is considered an efficient use of Internal Audit's resource, in that assurance is obtained that effective controls are

incorporated into new major systems from the outset. In turn, this minimises the risk of weaknesses in systems and strengthens the control environment.

- 2.5 Internal Audit has continued to be heavily deployed in assurance work necessitated by the Coronavirus pandemic. This has involved project assurance and development of systems related to business grant funding, and advising teams involved on suitable controls. Internal Audit has also led on the post payment assurance and counter fraud elements of the business grants, as well as having completed the certification of a number of other central government grant returns.
- 2.6 A summary of the programme assurance and grant certification work undertaken by Internal Audit in the period is included at **Section 6** of this report.

3 Opinion Framework

- 3.1 A framework of opinion classifications is used in Internal Audit reporting. The framework applies an overall assurance judgement to each system audited, as defined below.

Full Assurance	The system of internal control is designed to meet the organisation's objectives and controls are consistently applied in all the areas reviewed.
Significant Assurance	There is a generally sound system of control designed to meet the organisation's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk in some of the areas reviewed.
Limited Assurance	Weaknesses in the design of, or regular non-compliance with, key controls put the achievement of the organisation's objectives at risk in some or all of the areas reviewed.
No Assurance	Significant weaknesses in the design of, or consistent non-compliance with, key controls could result (or have resulted) in failure to achieve the organisation's objectives in the areas reviewed.

- 3.2 The opinions given to audits issued during this period are shown in **Section 4**.
- 3.3 In addition to the overall opinion given on every internal audit, individual recommendations within each report are classified as critical, high, medium or low priority. This prioritisation is designed to assist management in assessing the importance of each recommendation. The definitions of these priority classifications are set out in the following table:

Priority	Description
1* Critical	Action considered imperative to ensure the organisation is not exposed to unacceptable risks.
1 High / Fundamental	Action that is considered imperative to ensure that the service area / establishment is not exposed to high risks.
2 Medium / Significant	Action that is considered necessary to avoid exposure to considerable risks.
3 Low / Less Significant	Action that is considered desirable or best practice and would result in enhanced control or better value for money.

3.4 Prioritisation of Internal Audit recommendations is controlled through Internal Audit's quality control and file review processes.

IA/KM/CH
November 2021

4 Main Outcomes – Audit Reports Issued During the Period May 2021 to November 2021

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
1	Security Incident Event Management (SIEM)	To determine whether the systems and procedures in operation for the SIEM system are functioning satisfactorily and are in accordance with legislation and Council policy	Significant	0	0	3	6
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
<p>There were many areas of good practice and a selection of those are as follows:</p> <ul style="list-style-type: none"> The SIEM system (LogPoint) is monitoring all servers, firewalls, Active Directory (AD), Office 365 (O365) and Sophos in the Cloud. The ICT Security Officer has configured weekly reports to highlight anomalies within Active Directory. Email alerts have been configured to ensure when activity reaches a certain threshold, the ICT Security team are informed. LogPoint has been used to support investigations. 		<p>The main issues identified relate to the retention of audit logs and back up of key SIEM infrastructure and data as follows:</p> <ul style="list-style-type: none"> ICT can retain audit logs for 90 days. Due to a lack of storage space, ICT are unable to implement the supplier's recommended retention of 1 year. The limited number of logs may be detrimental to ICT's ability to identify the source of an attack (Medium). The Virtual Machine (VM) which holds the SIEM data is not subject to back up routines, as the Authority does not have enough storage (Medium). The Log Point (LP)-Data VM is not backed up, nor is the configuration attached to the VM, which means it could not be restored and would need to be fully rebuilt if a hardware fault occurred (Medium). 		<p>The Final Report was issued in May 2021.</p> <p>The VM server is now backed up so the configuration is available in the event of a hardware failure. This recommendation was selected for evidence checking and was confirmed by Internal Audit as implemented.</p> <p>Progress has been made by ICT in relation to the remaining recommendations and revised target dates have been agreed for implementation.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
2	Hardware and Software	To determine whether controls and procedures in operation over the acquisition, management, reconciliation and disposal of the Authority's computer hardware and software assets are appropriate and operating effectively.	Limited	0	0	8	6
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
Controls and procedures in place over changes to install software were operating effectively.		<ul style="list-style-type: none"> There were more end user devices recorded in the IT Service Management (ITSM) system than in the System Centre Configuration Manager (Medium). Waste Transfer Notes are not always received and retained or, occasionally are incomplete (Medium). Three end-user devices running Windows 7 and numerous servers running Microsoft Server 2008 were identified. Both operating systems extended support were end of life as of 14 January 2020 (Medium). A review of the Windows 10 versions in circulation found seven older versions with four classified as end of life. (2 x Medium). Two specific devices did not have adequate encryption software. A review of a recent 'Bitlocker' report identified 59 of 3,336 devices not protected with encryption. (2 x Medium). Server patches pushed out using Windows Server Update Services (WSUS) were missing (Medium). 		<p>The Final Report was issued in May 2021.</p> <ul style="list-style-type: none"> All Windows 7 devices have been removed from the corporate network. Waste transfer notes are chased 48 hours after collection if not received. Two devices with inadequate encryption software have been replaced. ICT now monitor devices to ensure 'Bitlocker' is enabled, and the 59 devices now have 'Bitlocker' enabled. All appropriate patches have been applied. ICT will continue to monitor WSUS patches to ensure all patches are appropriately applied. <p>These 5 recommendations were evidence checked by Internal Audit and confirmed as implemented. The remaining three recommendations have not yet reached agreed target dates for implementation.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
3	Schools Meals System Review	<p>To determine whether the systems and procedures in operation for the School Meals systems are functioning satisfactorily and are in accordance with legislation and Council policy. In particular, to determine whether:</p> <ul style="list-style-type: none"> The new financial process currently being implemented is satisfactory and adequately safeguards the Authority's income. New ICT systems and / or changes to infrastructure are being implemented satisfactorily in accordance with the Authority's policies and legislation. 	Significant	0	0	2	9
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
<ul style="list-style-type: none"> Parents can make payments by Direct Debit and accounts can be topped up via Pay Point machines. Management of the accounts is strictly controlled by Catering Services. Payment Card Industry Data Security Standards training has been provided to all school staff with responsibilities for processing card payments. 		<ul style="list-style-type: none"> The process and monitoring of school meal debt required improvement. (Medium). Clarity on the treatment of VAT attributable to school meals was required (Medium). 		<p>The Final Report was issued in August 2021.</p> <p>Debt is managed with regular reminders being issued. The new system supports better communication with parents allowing frequent reminders. Historic debt is now being collected and is to be written off in line with the corporate debt policy. Management have clarified the service's administration of VAT on school meals, in conjunction with Finance.</p> <p>Internal Audit has confirmed the implementation of these recommendations.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
4	Debt and Income Management	To determine whether there are adequate controls within the debt and income management system to ensure that all sundry income due to the Authority is invoiced for promptly and collected.	Limited	0	0	8	3
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
<ul style="list-style-type: none"> Governance - The processes in place ensure a clear separation of duties. Credit checks are undertaken by the central debtors team for debtors taking on a lease of a commercial property i.e., where the lease results in credit of £5000 and over. 		<ul style="list-style-type: none"> The Sundry Income Collection and Debt Policy (SICDP) dated 2017 requires updating (Medium). Specific quality assurance is required to help ensure that invoices are correct, and sufficient evidence is retained for debt recovery (Medium). Debt write off procedures require strengthening, with associated monitoring and reporting (Medium). Monitoring of performance or debt management is not taking place as required by the SICDP (Medium). Invoices for school meals are not raised on a timely basis (Medium). Improving retention of information for credit notes to enable compliance with the SICDP to be evidenced (Medium). Collection and recovery of larger debts are not prioritised. (Medium). There are no monthly management reports produced which list debts that are referred back from the central debtors team to the service areas for action (Medium). 		<p>The Final Report was issued in October 2021.</p> <p>It is acknowledged that the restrictions imposed by the Covid-19 Pandemic have had an adverse effect on income collection and sundry debt recovery during 2020/21. In addition, it has also delayed a planned Finance Service led review of Sundry Debt and Income Management arrangements and implementation of a number of recommendations made in the previous internal audit report. Revised recommendation target dates have been agreed with management for those restated.</p> <p>Recommendations have not yet reached their target dates for implementation and will be followed up in due course.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
5	Business Rates	The objective of the audit was to determine whether the systems and procedures for the administration of the Business Rates system are adequate and operating effectively.	Significant	0	0	1	2
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
Quality assurance checking of amendments to accounts, such as application of discounts or reliefs, is undertaken and helps to ensure the accuracy of changes and billing.		For one of five sampled debt write-offs, sufficient evidence had not been retained to in relation to the appropriate approval. There was also a delay in write-offs (from processing in 2019 to approval in 2021) and no outlined timeframe of when debt is deemed irrecoverable (Medium) .		<p>The Final Report was issued in October 2021.</p> <p>Management advised that the procedure for Business Rates debt write-offs will be reviewed with all other Operating Procedures and a process for monitoring debt and write off procedures will be added. The target date for implementation has not yet been reached.</p> <p>The position relating collection is being closely monitored and managed by the Authority, following the Covid-19 pandemic.</p>			

Evidence Checking

- 5.1 Internal Audit reports issued during the period May 2021 to November 2021 included 22 medium priority recommendations. There were no critical or high priority recommendations in the period under review. In respect of these 22, eight medium priority recommendations, having passed their target date, were evidence checked and can be confirmed as implemented. Ten recommendations have not reached their target dates and revised target dates have been agreed for the remaining four.
- 5.2 Recommendations previously reported as having not passed their implementation dates have now been subject to evidence checking and details are provided in the table below:

Audit	Issues	Details of Evidence Check
Accuserv	User access permissions in the Windows and Web version of the system are not as strong or robust as the Housing and Property and Construction (HPC) team require.	The HPC Support team has carried out online training workshops regarding User Modules and Permissions. An updated guide has also been produced. Access to Accuserv has been revised and users assigned only to the required modules.
Section 106	Calculation of obligation amounts is in some cases based on rates set a number of years previously and the link to current cost is not clear.	The Capital Contracts S106 Manager confirmed that thresholds and tapers were reviewed and that Planning confirmed contributions could be tapered upwards but not downwards. Taping downwards would cause a viability issue for developers meaning that small developments wouldn't proceed.

5.3 A summary of results from both evidence checking exercises is included within the table below:

Priority	Total Number of Recommendations Evidence Checked	Number confirmed as Implemented		Number Requiring Additional Action (or awaiting evidence)	
		No.	%	No.	%
Critical	Not Applicable	N/A	N/A	N/A	N/A
High	Not Applicable	N/A	N/A	N/A	N/A
Medium	10	10	100%	N/A	N/A
Total	10	10	100%	N/A	N/A

6 Programme Assurance and Grant Certification Work Undertaken

Area of Work	Summary of Work Undertaken
Covid-19 Business Grants Scheme:	Pre and Post Payment Assurance and Government Returns – undertaking and advising on a range of payment assurance activities including utilising the governments ‘Spotlight’ due diligence tool. As part of the government’s requirements, a number of grant scheme risk assessments, assurance plans and government returns have been completed. Approximately £66m of expenditure is within scope of the assurance work.
Covid 19 – Additional Home to Schools Transport	The purpose of the grant was to provide support to local transport authorities towards expenditure lawfully incurred or to be incurred by them in respect of the provision of the addition transport capacity for both Home to School and FE colleges. Claim certified this period to the value of £0.176m, covering two separate certification exercises.
Covid 19 – Sales Fees and Charges	Pre-Submission Check (to provide assurance over claims submitted to the Ministry of Housing, Communities & Local Government).
Covid 19 – Travel Demand Management	Funding to support local authorities in England towards expenditure incurred by them in relation to the impact on the local transport network on the full reopening of schools and colleges and on the additional level of travel demand management. Claim certified to the value of £0.03m.
Local Transport Plan Capital Block Funding 2020/21	Integrated Transport and Highways Maintenance. Completed and submitted to Department for Transport. Total value of grant £3.153m
Tanners Bank – Challenge Fund	Highways Maintenance Challenge Funding for specific highway repair schemes. Value of certification £3.619m.
A1056 Weetslade LGF Transport Scheme (interim)	Section 31 Transport grant for highway improvements. Value certified £4.329m
TCF Tranche 1 Tyne View Terrace Scheme	Section 31 Transport grant for highway improvements. Value certified £0.427m
TCF Tranche 1 Northumberland Park to Cobalt Scheme	Section 31 Transport grant for highway improvements. Value certified £0.285m

Troubled Families Grant Certification	Programme of targeted intervention - Government pays local authorities for each family that meet set criteria. June 2021 claim value of £0.034m and September 2021 Claim certification value £0.053m.
Participation in the Cabinet Office's National Fraud Initiative	<p>North Tyneside Council participates in the National Fraud Initiative data matching exercise to assist in the prevention and detection of fraud and is required to provide sets of data to the Minister for the Cabinet Office for matching for each exercise. The Cabinet Office released results of the latest biennial National Fraud Initiative (NFI) data-matching exercise matches in January 2021 for investigation by Internal Audit, this exercise is ongoing. An additional data set, as part of the counter fraud response to the government Covid-19 relief programme was introduced. 'Grant Recipients' data matches were released in May 2021, data matches have been allocated to appropriate officers for investigation, this exercise is ongoing.</p> <p>Internal Audit commenced the annual Council Tax Single Person Discount exercise in October 2021, relevant officers have been contacted and requested to provide the required data sets for upload in November 2021.</p>
Schools' Financial Value Standard	On behalf of the Chief Finance Officer (Section 151 Officer), Internal Audit co-ordinate, receive and review Schools' Financial Value Standard submissions, for the Authority's grant-maintained schools. This work has commenced for the year ending 31 March 2022.
Support to Project Boards / Working Groups	<p>Internal Audit has supported the following project boards / working groups during the period under review in a programme assurance role:</p> <ul style="list-style-type: none"> • Procurement Arrangements • Strategic approach to planning and link to 4-year Medium Term Financial Plan • Equality Impact Assessment processes • Social Care Payment System Initiatives (Adults' and Children's) • Information Governance and Security Group • Anti-social behaviour system replacement • Catering New School Meals System • Car parking system update / replacement and • Unified project - housing & property maintenance / repairs system replacement.

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