

**SUBJECT: INTERNAL AUDIT  
Progress Report for Quarter 3 (2023/24)**

**DIRECTORATE: Resources  
MEETING: Governance & Audit Committee  
DATE: February 2024  
DIVISION/WARDS AFFECTED: All**

## **1. PURPOSE**

To consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent opinions issued to the 31<sup>st</sup> December 2023.

To consider the performance of the Internal Audit Section over the first 9 months of the current financial year.

## **2. RECOMMENDATION(S)**

That the Committee consider and note the audit opinions issued.

That if the Members of the Governance & Audit Committee are concerned about any of the audit opinions issued, consideration be given to calling in the operational manager and the Head of Service to a future meeting or to escalate their concerns to the Chief Officer and to the Strategic Leadership Team.

That the Committee note the progress made by the Section towards meeting the 2023/24 Operational Audit Plan and the Section's performance indicators at the 9 month stage of the financial year which are currently in accordance with the profiled target.

## **3. KEY ISSUES**

3.1 Audit work has continued in line with the 2023/24 agreed audit plan, considered and approved by the Governance & Audit Committee in July 2023.

3.2 This report gives brief details of the work undertaken in the year to date. The report also gives details of the Section's performance indicators for the 9 months to 31<sup>st</sup> December 2023.

- 3.3 The Public Sector Internal Audit Standards came into force in April 2013 (updated March 2017) which the Internal Audit team needs to demonstrate compliance with. An External Quality Assessment of the Internal Audit team, as required by the Standards, has been arranged to be undertaken during quarter 4 of the 2023/24 year.
- 3.4 The year end opinion for 2023/24 will be based on the audit work undertaken during the year, cumulative audit knowledge from previous years on key financial systems along with any assurance gained from other parties where relevant.
- 3.5 As agreed during the Governance & Audit Committee on 29<sup>th</sup> June 2023, the opinions used by the Internal Audit team during 2023/24 (and beyond) have been revised to those recommended by CIPFA for use across the public sector. A copy of the opinions and risk ratings in use from 01<sup>st</sup> April 2023 can be seen in Appendix 2 of this report.

#### **4. REASONS**

- 4.1 Since the start of the financial year, the Internal Audit Section has completed 31 audit jobs to draft stage from its 2023/24 Operational Audit Plan; 22 of these being opinion related and are shown in the table at Appendix 1.
- 4.2 Appendix 3 of the report gives details of the Section's performance indicators as at the 31<sup>st</sup> December 2023 and 50% of the 2023/24 Audit Plan has been completed. This is on target (50%).
- 4.3 Other audit work in line with the plan has started and site visits have been undertaken to a number of establishments. At the end of Quarter 3, 77% of the agreed audit plan has been deemed as being in progress.
- 4.4 Further to the work conducted to complete the 2023/24 Audit Plan, 5 unplanned audit reviews have been undertaken during the year. 3 of these reviews warranted an audit opinion being issued and these are included within the table of Appendix 1.
- 4.5 Four 'unfavourable' audit opinions have been issued during Quarter 3.
- Adult Commissioning – Limited Assurance (Appendix 4)
  - Till Floats (Unplanned) – Limited Assurance (Appendix 5)
  - Employee Mileage (Unplanned) – Limited Assurance (Appendix 6)
  - Employee General Expenses (Unplanned) – Limited Assurance (Appendix 7)

For 3 out of the 4 reviews above, the audit was undertaken as an 'Unplanned' audit review. They were completed following concerns raised by Internal Audit and by the Financial Management Board. The completion of unplanned audit reviews may affect the overall

completion of the annual audit plan. This will be monitored by the Acting Chief Internal Auditor.

- 4.6 The details and individual weaknesses as to why the above audit reviews were considered by Internal Audit to be of 'Limited Assurance' is included within Appendices 4 - 7.
- 4.7 Work has been undertaken on the progress of the implementation of Internal Audit Recommendations from previously issued audit reports along with the provision of financial advice across directorates. The outcome of this work will be reported to the Committee shortly.
- 4.8 During Quarter 3, the Internal Audit team have continued to work with the Digital Design & Innovation team to develop a 'Recommendation Tracker' application to allow operational managers and responsible officers to report when their agreed management actions have been completed and to highlight those which are overdue. The completion of this work has been delayed due to priorities within the Digital Design team and staffing changes. It was planned that user acceptance testing of the system would begin in Quarter 4 with implementation commencing from the 1<sup>st</sup> April 2024, however, further staffing changes within the Digital team may unfortunately effect this timeframe.
- 4.9 The team co-ordinates the administration of the National Fraud Initiative (NFI) data sets on behalf of the Council. Data sets in relation to Electoral Registration and Council Tax Discounts were submitted to the Cabinet Office as required in December 2023.

## **5. SERVICE MANAGEMENT RESPONSIBILITIES**

- 5.1 Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by including their management responses within the audit reports. When management agree the audit action plans, they are accepting responsibility for addressing the issues identified within the agreed timescales.
- 5.2 Ultimately, managers within MCC are responsible for maintaining adequate internal controls within the systems they operate and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Chief Officers and Heads of Service for information and appropriate action where necessary.

## **6. FOLLOW UP AUDIT REVIEWS**

- 6.1 Where 'unfavourable' (Limited Assurance / No Assurance) audit opinions are issued, they are followed up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are improved.

6.2 Currently the Internal Audit team has 1 follow-up review which is outstanding at the end of Quarter 3.

| Year    | Assignment                            | Original Opinion | Status     | Date Issued           |
|---------|---------------------------------------|------------------|------------|-----------------------|
| 2022/23 | Our Lady and St Michael's R.C. School | Limited          | Q4 2023/24 | Final issued May 2023 |

A follow-up visit for this School has been arranged with the Headteacher for quarter 4 of the 2023/24 financial year. The details of why this review was considered to be unfavourable was reported to the June 2023 meeting of the Governance & Audit Committee.

## 8. RESOURCE IMPLICATIONS

None.

## 9. CONSULTEES

Deputy Chief Executive / Chief Officer Resources

### Results of Consultation:

N/A

## 10. BACKGROUND PAPERS

Operational Audit Plan 2023/24

## 11. AUTHORS AND CONTACT DETAILS

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## AUDIT COMMITTEE FEBRUARY 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 9 MONTHS

#### APPENDIX 1

Internal Audit reviews from the 2023/24 Draft Operational Audit Plan where fieldwork has been completed and/or final reports issued since 01/04/23 are listed in the table below.

Internal Control Opinions give the auditor's overall conclusion on the control environment operating in each system/establishment under review. Opinions range from Substantial Assurance through to No Assurance (Appendix 2).

Draft issued indicates that a draft report has been issued and a response is awaited from the client before the report can be finalised.

### Status of reports as at 31<sup>st</sup> December 2023

#### Internal Audit Services - Management Information for 2023/24 – Quarter 3

#### Overall Opinions issued to 31<sup>st</sup> December 2023 (Planned and Unplanned Reviews)

| Opinion Summary       | Number    |
|-----------------------|-----------|
| Substantial Assurance | 7         |
| Reasonable Assurance  | 10        |
| Limited Assurance     | 5         |
| No Assurance          | 0         |
| Unqualified           | 2         |
| Qualified             | 1         |
| <b>Total</b>          | <b>25</b> |

#### Planned Reviews (22 Opinions)

| Job number | Directorate | Service                                 | Job Name                    | Risk Rating / Priority | Final / Draft | Opinion given |
|------------|-------------|---|-----------------------------|------------------------|---------------|---------------|
| P2324-01   | Resources   | Finance - Corporate Accountancy         | Insurances                  | High                   | Final         | Substantial   |
| P2324-03   | Resources   | Finance - Revenues, Systems & Exchequer | Creditor Payments (2022/23) | Medium                 | Final         | Substantial   |
| P2324-05   | Resources   | Finance - Revenues, Systems & Exchequer | Benefits                    | Medium                 | Draft         | Substantial   |

**AUDIT COMMITTEE FEBRUARY 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

| <b>Job number</b> | <b>Directorate</b>                 | <b>Service</b>                           | <b>Job Name</b>                                   | <b>Risk Rating / Priority</b> | <b>Final / Draft</b> | <b>Opinion given</b> |
|-------------------|------------------------------------|--|---|-------------------------------|----------------------|----------------------|
| P2324-23          | Children & Young People            | Primary Schools                          | Pembroke Primary                                  | Medium                        | Draft                | Substantial          |
| P2324-34          | Social Care, Health & Safeguarding | Social Services Finance                  | Appointeeships & Deputyships (2022/23)            | Medium                        | Final                | Substantial          |
| P2324-40          | Communities & Place                | Placemaking, Housing, Highways and Flood | Planning Applications (2022/23)                   | Medium                        | Final                | Substantial          |
| P2324-43          | Communities & Place                | Neighbourhood Services                   | Winter Maintenance (2022/23)                      | Medium                        | Final                | Substantial          |
| P2324-07          | Resources                          | Finance - Revenues, Systems & Exchequer  | Revenues Shared Service (2022/23)                 | Medium                        | Final                | Reasonable           |
| P2324-08          | Resources                          | Commercial, Property, Fleet, Facilities  | Cemeteries  | Medium                        | Final                | Reasonable           |
| P2324-12          | People & Governance                | Electoral Registration                   | Electoral Registration                            | High                          | Draft                | Reasonable           |
| P2324-19          | Children & Young People            | Primary Schools                          | Archbishop Rowan Williams Church in Wales Primary | Medium                        | Final                | Reasonable           |
| P2324-21          | Children & Young People            | Primary Schools                          | Llantilio Pertholey Primary                       | Medium                        | Draft                | Reasonable           |
| P2324-35          | Social Care, Health & Safeguarding | Public Protection                        | Trading Standards                                 | Medium                        | Draft                | Reasonable           |
| P2324-47          | Mon Life                           | Active                                   | Point of Sale System                              | Medium                        | Draft                | Reasonable           |
| P2324-48          | Mon Life                           | Heritage                                 | Old Station, Tintern (Follow-up)                  | High                          | Final                | Reasonable           |
| P2324-57          | Corporate                          | Corporate                                | National Fraud Initiative (NFI)                   | Medium                        | Final                | Reasonable           |
| P2324-59          | Corporate                          | Corporate                                | Partnership Assurance (2022/23)                   | Medium                        | Final                | Reasonable           |

**AUDIT COMMITTEE FEBRUARY 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

| <b>Job number</b> | <b>Directorate</b>                 | <b>Service</b>                     | <b>Job Name</b>           | <b>Risk Rating / Priority</b> | <b>Final / Draft</b> | <b>Opinion given</b> |
|-------------------|------------------------------------|------------------------------------|---------------------------|-------------------------------|----------------------|----------------------|
| P2324-25          | Children & Young People            | Secondary Schools                  | Chepstow School           | Medium                        | Final                | Limited              |
| P2324-29          | Social Care, Health & Safeguarding | Commissioning & Disability Service | Commissioning & Contracts | High                          | Draft                | Limited              |
| P2324-17          | Children & Young People            | Finance & Support Services         | School Improvement Grant  | Medium                        | Draft                | Unqualified          |
| P2324-42          | Communities & Place                | Enterprise and Community Animation | Housing Support Grant     | Medium                        | Draft                | Unqualified          |
| P2324-18          | Children & Young People            | Finance & Support Services         | Pupil Development Grant   | Medium                        | Draft                | Qualified            |

**Unplanned Reviews (3 Opinions)**

| <b>Job number</b> | <b>Directorate</b>  | <b>Service</b>                          | <b>Job Name</b>            | <b>Risk Rating / Priority</b> | <b>Final / Draft</b> | <b>Opinion given</b> |
|-------------------|---------------------|---|----------------------------|-------------------------------|----------------------|----------------------|
| U2324-01          | Resources           | Finance - Revenues, Systems & Exchequer | Till Float Reconciliations | Unplanned                     | Draft                | Limited              |
| U2324-02          | People & Governance | Payroll & Systems                       | Employee General Expenses  | Unplanned                     | Draft                | Limited              |
| U2324-03          | People & Governance | Payroll & Systems                       | Employee Travel Claims     | Unplanned                     | Draft                | Limited              |

**AUDIT COMMITTEE FEBRUARY 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

**Non – opinion / Added Value Audit Work**

| <b>Job number</b> | <b>Directorate</b>                 | <b>Service</b>                          | <b>Job Name</b>                           |
|-------------------|------------------------------------|---|---|
| Planned           |                                    |   |   |
| P2324-06          | Resources                          | Finance - Revenues, Systems & Exchequer | Imprest Accounts Closure                  |
| P2324-09          | Resources                          | Resources General                       | Audit Advice                              |
| P2324-13          | People & Governance                | People & Governance General             | Audit Advice                              |
| P2324-27          | Children & Young People            | CYP General                             | Audit Advice                              |
| P2324-37          | Social Care, Health & Safeguarding | SCH & Safeguarding General              | Audit Advice                              |
| P2324-45          | Communities & Place                | Communities & Place General             | Audit Advice                              |
| P2324-51          | Mon Life                           | Mon Life General                        | Audit Advice                              |
| P2324-54          | Chief Executive's                  | Chief Executives General                | Audit Advice                              |
| P2324-61          | Corporate                          | Corporate General                       | Audit Advice                              |
| Unplanned         |                                    |   |   |
| U2324-04          | Corporate                          | Corporate                               | National Fraud Initiative - CTRS/Elec Reg |
| U2324-05          | Chief Executive's                  | Digital                                 | Migration to Sharepoint                   |



**AUDIT COMMITTEE FEBRUARY 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

**APPENDIX 2**

**Internal Audit Opinions**

Each report contains an opinion which is an overall assessment of the control environment reviewed.

| <b>OPINION</b>               | <b>DESCRIPTION</b>   |
|------------------------------|--|
| <b>SUBSTANTIAL ASSURANCE</b> | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.  |
| <b>REASONABLE ASSURANCE</b>  | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.                     |
| <b>LIMITED ASSURANCE</b>     | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.                       |
| <b>NO ASSURANCE</b>          | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |

**For grant claim audits:**

**Unqualified** opinion - the terms and conditions of the grant were generally complied with;

**Qualified** opinion - the terms and conditions of the grant were not fully complied with; the identified breaches of terms and conditions will be reported to the grantor and internally to relevant Head of Service/Chief Officer.

**AUDIT COMMITTEE FEBRUARY 204**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

**APPENDIX 3**

**Performance Indicators**

N /A – not available

|   | <b>2022/23</b>  | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> | <b>Target</b> |
|---|---|-----------|-----------|-----------|-----------|---------------|
| 1 | Percentage of planned audits completed  | 11%       | 28%       | 52%       | 72%       | 80% pa        |
| 2 | Average no. of days from audit closing meeting to issue of a draft report                 | 14 days   | 5 days    | 4 days    | 4.4 days  | 15 days       |
| 3 | Average no. of days from receipt of response to draft report to issue of the final report | 30 days   | 17 days   | 8 days    | 8.5 days  | 10 days       |
| 4 | Percentage of recommendations made that were accepted by the clients                      | 90%       | 100%      | 100%      | 100%      | 95%           |
| 5 | Percentage of clients at least 'satisfied' by audit process                               | N/A       | N/A       | N/A       | 100%      | 95%           |
| 6 | Number of special investigations  | 0         | 0         | 0         | 0         |               |

|   | <b>2023/24</b>  | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> | <b>Target</b>       |
|---|---|-----------|-----------|-----------|-----------|---------------------|
| 1 | Percentage of planned audits completed  | 15%       | 36%       | 50%       |           | 30% in Q2<br>80% pa |
| 2 | Average no. of days from audit closing meeting to issue of a draft report                 | 2         | 4         | 2.5       |           | 15 days             |
| 3 | Average no. of days from receipt of response to draft report to issue of the final report | N/A       | 4.2       | 1.6       |           | 10 days             |
| 4 | Percentage of recommendations made that were accepted by the clients                      | N/A       | 100%      | 100%      |           | 95%                 |
| 5 | Percentage of clients at least 'satisfied' by audit process                               | N/A       | 100%      | 100%      |           | 95%                 |
| 6 | Number of special investigations  | 2         | 0         | 1         |           |                     |

**AUDIT COMMITTEE FEBRUARY 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

**APPENDIX 4**

**SUMMARY OF WEAKNESSES – ADULT COMMISSIONING & CONTRACTS (2023/24)**

The audit identified several strengths in each of the areas reviewed, however, there were some fundamental weaknesses identified which need addressing. These weaknesses include the absence of an Adult Commissioning Strategy, non-compliance with Contract Procedure Rules in the procurement of key services such as Domiciliary Care, and inadequate evidencing, and reporting of monitoring visits, which form a vital part of the Quality Assurance framework.

The tables below summarise the individual weaknesses identified during the review of Adult Commissioning & Contracts which was issued with a Limited Assurance audit opinion.

| <b>RISK RATING</b> | <b>DESCRIPTION</b>   | <b>TOTAL IDENTIFIED</b> |
|--------------------|--|-------------------------|
| <b>CRITICAL</b>    | Major or unacceptable risk which requires immediate action.  | 1                       |
| <b>SIGNIFICANT</b> | Important risk that requires attention as soon as possible.  | 9                       |
| <b>MODERATE</b>    | Risk partially mitigated but should still be addressed.      | 6                       |
| <b>STRENGTH</b>    | No risk. Sound operational controls and processes confirmed. | 15                      |

| <b>Ref.</b> | <b>CRITICAL</b>   |
|-------------|---|
| 1.03        | Domiciliary Care Services contracts have elapsed for the both the Framework and Approved Providers. |

| <b>Ref.</b> | <b>SIGNIFICANT</b>  |
|-------------|---|
| 1.04        | There was no Adult Commissioning Strategy in place for the Authority.   |
| 2.11        | Service Users have been placed with providers ahead of a full or emergency accreditation taking place.  |
| 2.12        | Providers were not checked against the escalating concerns information.   |
| 2.13        | Signed contracts have not been obtained from all providers.   |
| 3.04        | There was no guidance or checklist covering the annual monitoring process and the areas that should be covered. Coverage was not always inclusive of all key factors and was inconsistent at times. |

## AUDIT COMMITTEE FEBRUARY 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 9 MONTHS

| Ref. | SIGNIFICANT   |
|------|---|
| 3.05 | There was no evidence to confirm that feedback had been sought from service users regarding the services commissioned on their behalf.  |
| 3.06 | There was little to no evidence of what samples were reviewed or what testing was undertaken during monitoring visits. There was no follow up of information that was not made available on the visit date. |
| 3.07 | Formal written feedback to providers was either not provided or was not provided in a timely manner.  |
| 3.08 | No management commitment was obtained from providers for any actions required following monitoring visits. There was no formal monitoring of the implementation of these actions.                           |

| Ref. | MODERATE   |
|------|--|
| 2.14 | Some of the columns on the accreditation database were consistently not populated.   |
| 2.15 | Expected supporting information such as the Staffing Structures, Statement of Purpose, Training Plans and Internal Quality Assurance Reviews were not consistently obtained from providers as part of the accreditation process. |
| 2.16 | Accreditations routinely exceed the standard one-month timeframe for completion.   |
| 3.09 | Initial risk assessments were not undertaken as prescribed in the Quality Assurance Process Chart (flowchart) document.  |
| 3.10 | There were no prescribed expectations around relationship visit frequency. 4/10 Servicers Providers sampled had not had a relationship visit during the 2023 calendar year (to September).                                       |
| 3.11 | Annual Monitoring Visit Forms and associated supporting documentation were not required to be reviewed prior to being issued to providers.   |

**AUDIT COMMITTEE FEBRUARY 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

**Appendix 5**

**SUMMARY OF WEAKNESSES – TILL FLOAT RECONCILIATION (2023/24)**

The audit attempted to agree till float records held on Business World to actual balances held at each site. Account holders were asked complete and return a reconciliation of the till float(s) currently held. It was found that some returns did not agree with the central record. Overall, there was £455 less than expected at sites.

The tables below summarise the individual weaknesses identified during the Unplanned review of Till Floats across the Authority which was issued with a Limited Assurance audit opinion.

| <b>RISK RATING</b> | <b>DESCRIPTION</b>   | <b>TOTAL IDENTIFIED</b> |
|--------------------|--|-------------------------|
| <b>CRITICAL</b>    | Major or unacceptable risk which requires immediate action.  | 0                       |
| <b>SIGNIFICANT</b> | Important risk that requires attention as soon as possible.  | 4                       |
| <b>MODERATE</b>    | Risk partially mitigated but should still be addressed.      | 1                       |
| <b>STRENGTH</b>    | No risk. Sound operational controls and processes confirmed. | 0                       |

| <b>Ref.</b> | <b>SIGNIFICANT</b>   |
|-------------|--|
| 1           | Till float balances did not agree to recorded values on the accounts for 5 establishments.               |
| 2           | A till float was being used as a cash imprest account.   |
| 3           | When a till float was no longer required it had been banked as income rather than being formally closed. |
| 4           | Up-to-date guidance relating to the administration of till floats was not available for all staff        |

| <b>Ref.</b> | <b>MODERATE</b>                                    |
|-------------|--|
| 5           | Tills floats were set up from departmental income. |

## AUDIT COMMITTEE FEBRUARY 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 9 MONTHS

#### Appendix 6

#### SUMMARY OF WEAKNESSES – EMPLOYEE MILEAGE CLAIMS (2023/24)

The audit identified 1 weakness considered to be of a critical nature and further 7 which were significant in nature. Some of the significant issues identified include: lack of compliance with the Authority's Travel and Reimbursement policy, claims not being supported by legible receipts, and management checks completed on submitted claims not being sufficient.

The tables below summarise the individual weaknesses identified during the Unplanned review of Employee Mileage Claims which was issued with a Limited Assurance audit opinion.

| RISK RATING | DESCRIPTION  | TOTAL IDENTIFIED |
|-------------|--|------------------|
| CRITICAL    | Major or unacceptable risk which requires immediate action.  | 1                |
| SIGNIFICANT | Important risk that requires attention as soon as possible.  | 7                |
| MODERATE    | Risk partially mitigated but should still be addressed.      | 2                |
| STRENGTH    | No risk. Sound operational controls and processes confirmed. | 0                |

| Ref. | CRITICAL   |
|------|--|
| 1.01 | No second line monitoring or challenge was completed in relation to employee's travel (mileage) claims. The Authority did not undertake a random 10% check of all employees' expenses claims as per HMRC requirements. |

| Ref. | SIGNIFICANT   |
|------|---|
| 1.02 | The Authority's Travel and Reimbursement policy has not been reviewed in line with the policy review date. Areas of the policy required updating / strengthening. |
| 1.03 | Employees submitting mileage claims had not adequately detailed their journeys and the business reason for travel.  |
| 1.04 | Home to work mileage has either failed to be deducted or had been deducted incorrectly.   |
| 1.05 | Valid VAT receipts were not always provided in support of mileage claims.   |
| 1.06 | Although all claims were authorised by the relevant manager, the issues identified in the audit evidenced that management checks were not robust.                 |

**AUDIT COMMITTEE FEBRUARY 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

| <b>Ref.</b> | <b>SIGNIFICANT</b>   |
|-------------|--|
| 1.07        | The Authority paid the standard mileage reimbursement amount for employees who were part of the Tusker Salary Sacrifice for Cars Scheme, as opposed to the rates outlined in the Travel and Reimbursement policy which was based on the HMRC Company Car Advisory Notice.  |
| 1.08        | Annual checks were not being undertaken to ascertain the suitability of staff driving on Council business, the roadworthiness of their vehicles and that individuals had business insurance coverage as per the requirements of the Authority's Fleet and Driver Management Policy.<br><br>There was no centralised monitoring of those using private vehicles on behalf of the Authority. |

| <b>Ref.</b> | <b>MODERATE</b>   |
|-------------|---|
| 1.09        | Late claims were sometimes paid without appropriate approval. The reason for approval was not documented. |
| 1.10        | A shortened approval process existed which did not require managers to check the details of the claim.    |

**AUDIT COMMITTEE FEBRUARY 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2023/24 – 9 MONTHS**

**Appendix 7**

**SUMMARY OF WEAKNESSES – EMPLOYEE GENERAL EXPENSES CLAIMS (2023/24)**

The audit identified 12 weaknesses considered to be of a critical or significant nature. Some of the significant issues identified include: lack of compliance with the Authority’s Travel and Reimbursement policy, claims not being supported by legible receipts, and claims not being appropriately reviewed prior to or following payment.

The tables below summarise the individual weaknesses identified during the Unplanned review of Employee General Expenses Claims which was issued with a Limited Assurance audit opinion.

| <b>RISK RATING</b> | <b>DESCRIPTION</b>   | <b>TOTAL IDENTIFIED</b> |
|--------------------|--|-------------------------|
| <b>CRITICAL</b>    | Major or unacceptable risk which requires immediate action.  | 1                       |
| <b>SIGNIFICANT</b> | Important risk that requires attention as soon as possible.  | 11                      |
| <b>MODERATE</b>    | Risk partially mitigated but should still be addressed.      | 4                       |
| <b>STRENGTH</b>    | No risk. Sound operational controls and processes confirmed. | 0                       |

| <b>Ref.</b> | <b>CRITICAL</b>  |
|-------------|--|
| 1.02        | No second line monitoring or challenge was completed in relation to employee’s general expenses / subsistence claims. The Authority did not undertake a random 10% check of all employees’ expenses claims as per HMRC requirements. |

| <b>Ref.</b> | <b>SIGNIFICANT</b>  |
|-------------|---|
| 1.03        | Expenditure was often outside the scope of the Travel and Reimbursement policy. There was no clear policy definition for when and how to claim ‘General Expenses’. One claim was deemed to be inappropriate by the auditor. |
| 1.04        | The policy statement regarding professional fees had been omitted from the Pay & Reward Policy.   |
| 1.05        | The Travel and Reimbursement policy had not been reviewed in line with the policy review date.  |
| 1.06        | Claims were sometimes submitted more than four months after the expenses were incurred.   |



## AUDIT COMMITTEE FEBRUARY 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2023/24 – 9 MONTHS

| Ref. | SIGNIFICANT  |
|------|--|
| 1.07 | In a large number of cases, there was no business reason provided on MyView for the item being claimed.  |
| 1.08 | Claims for subsistence (food and drink) payments did not provide enough detail to demonstrate the claim met HMRC's qualifying criteria. There was an inconsistent approach to the way claims for food and drink were made. |
| 1.09 | Full VAT receipts were not always submitted to support the claims made.  |
| 1.10 | Staff were incorrectly claiming for "call out" (Standby) payments via general expenses.  |
| 1.11 | Train travel was incorrectly coded as being subject to VAT.  |
| 1.12 | VAT was not always claimed when eligible.  |
| 1.13 | Claims were made through general expenses where established forms of purchasing should have been used.   |

| Ref. | MODERATE   |
|------|--|
| 1.14 | The wrong category type was sometimes selected for expenditure.  |
| 1.15 | The MyView system did not have pre-set or a link to the HMRC meal value rates.   |
| 1.16 | A shortened approval process existed which did not require managers to check the details of the claim.   |
| 1.17 | For the sample tested, no managers had used the 'Authorisation Notes' section to further expand on any claim e.g. where information was missing or to demonstrate appropriate challenge. |