



Woking Borough Council

Internal Audit Progress Report

Audit & Governance Committee – 20 June 2024

Date Prepared: 6 June 2024

forv/s
mazars

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01 Snapshot of Internal Audit Activity

Introduction

Internal Audit is required to provide a regular report on progress and key findings to the Audit and Governance Committee (Committee). This report covers internal audit activity and performance since our last report to the Committee in April 2024 and includes:

- An update on progress in delivering the revised 2023/24 Plan followed by a summary of reports issued, and recommendations raised;
- An update on outstanding work from the 2022/23 Plan reported at the last Committee. All outstanding reports for the 2022/23 Audit Plan have now been finalised; and
- An update on progress with the 2024/25 Plan.

The revised 2023/24 Plan was approved in September 2023. It comprised 11 audits and 257 audit days.

Internal Audit Progress – 2023/24 Plan

Since the last Committee in April 2024, significant progress has been made with the remaining work involved in the 2023/24 Plan.

Fieldwork for all reviews has now been fully completed.

Three of the reports which had been issued in draft the last meeting have now been finalised. One of these, Income Management and Systems Reconciliations, is still outstanding. The draft report arising from the Accounts Payable review has now also been issued.

We expect to receive responses and finalise the three remaining draft reports issued by the end of June 2024.

The table below provides a summary of current progress relevant to the 2023/24 Plan. Details of reports issued since the last Committee (including outstanding 2022/23 reports) is provided at 03 and status of the Plan as it relates to the table at 04.

Audit Status	Number of reviews	Percentage %
Finalised	5	45%
Draft report (issued)	4	36%
Fieldwork in progress	0	0%
Cancelled/Deferred	2	19%
Total	11	100%



02 Reports Issued Since Last Committee – 2023/24 Audit Plan

We have four categories by which we classify internal audit assurance over the processes we examine: Substantial, Limited, Moderate and Unsatisfactory.

Internal Audit categorises recommendations as High, Medium or Low to differentiate between the types of recommendation made. These categories give management an indication of the importance and urgency of implementing the recommendations. Details on our Assurance Definitions are contained within Section 05.

Four final reports from the 2023/24 Plan were issued in this reporting period. In addition, we have finalised two reports, Savills Contract Management and Commercial Property Estate relating to the 2022/23 Plan.. Set out below is a table detailing the progress since the April 2024 Committee.

Internal Audit Title	April 2024 status	June 2024 status	Issued Date	Assurance Opinion	H	M	L
Housing - Rent Collection	Draft issued	Final issued	17/05/2024	Limited	4	5	0
Council Tax & Business Rates*	Draft issued	Final issued	16/04/2024	Moderate	0	1	3
Payroll	Draft issued	Final issued	15/04/2024	Limited	1	2	2
Income Management & System Reconciliations	Draft	Draft Issued**	30/01/2024	TBC	-	-	-
Application Lifecycle Management	Fieldwork	Draft issued	23/04/2024	TBC	-	-	-
Accounts Receivable (Debtors)	QA review	Draft issued	17/05/2024	TBC	-	-	-
Accounts Payable (Creditors)	Fieldwork	Draft issued**	06/06/2024	TBC	-	-	-

*Two audits issued under a single report for Council Tax and Business Rates

**Draft report to be issued prior to Audit and Governance Committee meeting in June 2024.



03 Overview of Internal Audit Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Plan.

Review	Status	Issued Date	Assurance Level	P1	P2	P3	Total
Office 365	Final	28/09/2023	Advisory	-	7	9	16
Housing - Rent Collection	Final	17/05/2024	Limited	4	5	-	9
Council Tax and Business Rates	Final	16/04/2024	Moderate	-	1	3	4
Payroll	Final	15/04/2024	Limited	1	2	2	5
Income Management & System Reconciliations	Draft Report*	TBC	TBC	-	-	-	-
Application Lifecycle Management	Draft Report	TBC	TBC	-	-	-	-
Accounts Receivable (Debtors)	Draft Report	TBC	TBC	-	-	-	-
Accounts Payable (Creditors)	Draft Report*	TBC	TBC	-	-	-	-
Pension Fund Administration	Cancelled	-	-	-	-	-	-
Group Companies	Deferred to 2024/25	-	-	-	-	-	-
Totals			Totals	5	15	14	34

*Draft report to be issued prior to Audit and Governance Committee meeting in June 2024.



04 Outstanding work from 2022/23 Audit Plan

All outstanding reports for the 2022/23 Audit Plan have now been finalised as per the table below.

Internal Audit Title	April 2024 status	Draft Issued	June 2024 status	Final Issued	Assurance Opinion	High	Medium	Low
Sheerwater Regeneration Project	Final	25/07/2023	Final	17/05/2024	Limited	3	0	0
Commercial Property Estate	Draft	04/10/2023	Final	14/03/2024	Limited	4	4	1
Savills Contract Management	Draft	26/07/2023	Final	17/05/2024	Limited	4	1	0
Disaster Recovery	Final	01/08/2023	Final	01/02/2024	Limited	0	3	4



04 Overview of Internal Audit Plan 2024/25

Whilst it is still early days in relation to the 2024/25 Plan, progress has been made with regard to implementation of the Plan. Dates have been agreed for all Q1 and Q2 audits and one audit, deferred from 2023/24 (Group Companies) is underway. The table below lists the status of all reviews within the 2024/25 Plan.

Review	Status	Start Date	Assurance Level	P1	P2	P3	Total
GDPR Compliance, Data Privacy, Doc Retention	Planning	12/06/2024	-	-	-	-	-
Group Companies	Fieldwork	16/05/2024	-	-	-	-	-
Insurance - administration and management	Planning	27/06/2024	-	-	-	-	-
Sickness absence management	Planning	12/08/2024*	-	-	-	-	-
Voids Management	Planning	21/10/2024*	-	-	-	-	-
Planning Services	Planning	27/08/2024	-	-	-	-	-
Medium Term Financial Strategy	-	Q3	-	-	-	-	-
Emergency Planning	-	Q3	-	-	-	-	-
Budget Monitoring and Management	-	Q3	-	-	-	-	-
Commercial leases/licences & Property Portfolio	-	Q4	-	-	-	-	-
Procurement & Contract Management	-	Q4	-	-	-	-	-
Totals			Totals	-	-	-	-

*Start date subject to confirmation



05 Definitions of Assurance

Definitions of Assurance Levels		
Level	Description	
Substantial	The framework of governance, risk management and control is adequate and effective.	
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.	
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.	
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.	
Definitions of Recommendations		
Priority	Definition	Action required
High	Significant weakness in governance, risk management and control that exposes the organisation to an unacceptable level of residual risk if unresolved.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Recommendations show areas where we have highlighted opportunities to implement a good or better practice to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

Contacts

Graeme Clarke

Partner, Forvis Forvis Mazars LLP

Graeme.Clarke@mazars.co.uk

Kirk Harrison

Manager, Forvis Forvis Mazars LLP

Kirk.Harrison@mazars.co.uk

Statement of Responsibility

We take responsibility to Woking Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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