

Cheltenham Borough Council Cheltenham Borough Homes

Report of Internal Audit Activity

January 2025

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Internal Audit Definitions

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- **No**
- **Limited**
- **Reasonable**
- **Substantial**



Audit Framework Definitions

Control Assurance Definitions

No	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.
Limited	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.
Reasonable	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.
Substantial	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.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Internal Audit Definitions

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.



Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Funding Provided by Government	Final Report	Low Substantial	1	-	1	-	Reported in October
Operational	Planning Service Review	Final Advisory Report	N/A	5	0	5	-	Reported in October
Operational	Accounts Payable – Qtly Review – 2023/24	Final Report	High Substantial	0	-	-	-	Reported in October
Operational	Appointment of Consultants	Final Report	Mid Reasonable	2	-	1	1	Reported in October
Operational	Property and Estates – Health and Safety	Final Report	Mid Limited	3		3		Report Included
Key Financial Control	Revs and Bens – Council Tax and NNDR	Final Report	High Substantial					Report Included
Key Financial Control	Revs and Bens – Council Tax Support and Housing Benefits	Final Report	High Substantial					Report Included
Operational	CBH – Voids Review	Draft Report						
Key Financial Control	Payroll	Audit in Progress						
Operational	Accounts Payable – Continuous Review – 2024/25	Audit in Progress						
Governance	Data Maturity	Ready to Start						
Operational	Homelessness Deposit Scheme	Ready to Start						
Operational	Counter Fraud and Enforcement Unit	Ready to Start						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
					ICT	3 rd Party ICT Outage	Ready to Start	
Grant Certification	Carbon Data 2023/24	Ready to Start						
Support	Business Grant Funding – Aged Debt	On-Going					Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to DBT	
Advisory	Support to the CBH Transition Programme	On-Going						
Advisory	Procurement and Commissioning Group	On-Going						
Advisory	Corporate Governance Group	On-Going						
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

Summary of Audit Findings

The following are the Internal Audit reports, of each audit review finalised, since the last Committee update

Property and Estates Health and Safety – Final Report – December 2024

Audit Objective

To ensure statutory and legislative health and safety (H&S) compliance requirements relating to the Council’s properties and estates are being met.

Executive Summary



Assurance Opinion

The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.

Management Actions

Priority 1	0
Priority 2	3
Priority 3	0
Total	3

Organisational Risk Assessment

Medium

Our audit work includes areas that we consider have a medium organisational risk and potential impact. There is a risk that statutory and legislative H&S compliance works will not be carried out as required due to the manual systems currently in place.

NB: The Key Conclusions below are a reflection of the audit at the time of fieldwork: July – September 2024.

Since the audit, we have been advised that work has been undertaken to mitigate against the risks identified below, including ensuring that evidence is available, and that information can be found more easily for each property. Furthermore, we have been informed that monthly inspections are in place which mitigate against the lack of overarching risk assessments. These areas have been addressed since the draft report was issued, and therefore have not been tested, but will be followed up as part of our standard follow up process.

Key Conclusions



There is no overarching policy, or accompanying procedures, for the Property Team, nor any which specifically relate to H&S compliance, lease renewals, and rent reviews.



Manual processes in use are unreliable for both compliance arrangements and lease/rent reviews. Records maintenance is poor, and a digital system is not being consistently used. This leaves the Property team open to business continuity risks, as well as risks of human error, e.g. duplications, omissions, etc. We are aware compliance checks are being undertaken but these are not sufficiently evidenced, which is why this audit has been risk assessed as a Medium. In an emergency, the Council would not be able to confirm which compliance checks have/have not been completed on a particular property.



Overarching risk assessments have not been undertaken for properties which require H&S compliance checks. If risk assessments are not completed, there is no way of knowing which works/properties need to be prioritised.



There is an approved Asset Management Strategy in place.

Audit Scope

The following areas were reviewed as part of this audit:

- H&S compliance arrangements.
- Lease renewals and rent reviews.

Discussions were held with CBC Officers, and sample testing was completed to gain assurance on control effectiveness.

Scope Limitations:

- Due to poor record keeping and a lack of policies/guidance, it was not possible to say with certainty whether all relevant work had been completed as required at the time of our audit.
- Data analysis could not be undertaken as the Uniform system was not consistently used.
- We adapted our testing as required due to the limitations listed above.

Observations

The manual systems in place for H&S compliance and lease renewals/rent reviews are not robust, and a digital solution is not consistently in use.

However, since the findings from this audit were highlighted to Management, a new H&S Business Partner has started and is due to meet weekly with the Principal Building Surveyor to discuss H&S compliance matters. Furthermore, H&S Compliance now has the support of an admin apprentice.

We were informed that a project to ensure that CBC have copies of risk assessments undertaken by tenants was already underway before this audit commenced. We were also advised of another project that was already in place before this audit, which relates to whether insurance would be valid if CBC are found to be non-compliant with H&S compliance requirements.

There is an asset register available on Cheltenham's website, however this is not straightforward to find, and it does not fully comply with requirements of the Local Government Transparency Code 2015. This was a finding in the Transparency Data audit completed in December 2023. The action is shown as completed, but testing confirms that this is not up to date. We suggest that the process for keeping the data up to date (local authority land and assets information on the website) is reviewed.

Revenues and Benefits – Final Report – December 2024

Audit Objective

To review the effectiveness of internal controls within the Revenues and Housing Benefit service area, ensuring the Council’s policies and financial regulations are complied with and that processes meet external codes of practice, professional good practice and statutory standards.

Assurance Opinion – Council Tax and NNDR		Number of Actions	
		Priority	Number
	<p>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.</p>	Priority 1	0
		Priority 2	0
		Priority 3	1
		Total	1
		Assurance Opinion – Housing Benefit and Council Tax Support Scheme	
		Priority	Number
	<p>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.</p>	Priority 1	0
		Priority 2	0
		Priority 3	0
		Total	0

Organisational Risk Assessment	Assessment
Our audit work includes areas that we consider have a low organisational risk and potential impact. We believe the key audit conclusions and any resulting outcomes still merit attention, but could be addressed by service management in their area of responsibility	Low
Organisational Risk Assessment	Assessment
Our audit work includes areas that we consider have a low organisational risk and potential impact. We believe the key audit conclusions and any resulting outcomes still merit attention but could be addressed by service management in their area of responsibility.	Low

Key Conclusions

	Management checks on new Civica users are not being undertaken. This oversight could lead to unauthorised access to sensitive data and potential security breaches.
	Key controls were found to be well executed and managed, including reconciliations, and variance reporting. Evidence was seen of actions being undertaken in a timely manner and of management authorisation.
	All testing undertaken on Council Tax and NDR Valuation was satisfactory, other than a period where delays were seen in processing NDR valuation amendments. However, the Head of Revenues & Benefits stated that these were due to leave during the peak holiday period and were not the norm.
	Testing on the Council Tax Support application process was undertaken. Application routes and monitoring were found to be satisfactory. A sample of applications was tested to ensure all supporting evidence was on file and that awards were consistent with policy. All testing was satisfactory.

Audit Scope

We reviewed the following processes:

- Council Tax/NDR – Valuation process.
- Council Tax Support Scheme – Application process
- Council Tax/NDR/CTS – System Access Controls
- Key control testing – financial reconciliations and variance reporting.

The audit covers the period April 2024 – present.

Other Relevant Information

The Head of Revenues & Benefits currently has both Management and System Admin permissions within the Civica Open Revenues system which effectively allows full write, edit and delete permissions for all functions on all accounts. This level of access is not generally viewed as being desirable as excessive access creates the potential for manipulation of the system as well as potentially putting individuals themselves in a difficult position. We discussed this with the officer concerned who stated that the department is moving to the Civica Cloud system within the next two years which will reduce the reliance upon her as a system administrator.

NDR voids were discussed with the Head of Revenues & Benefits who gave assurance that the department had mechanisms to monitor them and that they were to be looked in the next few weeks as part of the annual return to Government.

