Internal Audit Progress Report

Guildford Borough Council

KPMG Governance, Risk and Compliance Services

—

July 2022

Content

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Executive Summary

The purpose of this document is to provide the Corporate Governance and Standards Committee with an update on the Internal Audit plan for 2022-23. We have summarised below the key points to draw your attention in the period since we last reported to you:

Activity	Comments
Progress against the plan	— We have completed the fieldwork for the Customer Services: Complaints Handling review.
	— We are due to commence fieldwork for our remaining Q1 review: IT Infrastructure for Remote Working.
	— We have brought forward and commenced scoping for our Payroll review, initially scheduled for Q3.
Reports completed	— We have finalised our Performance Monitoring report which has a rating of 'significant assurance with minor improvement opportunities'. See appendix A for the executive summary of this internal audit.
Significant findings to highlight	— We have no significant findings to highlight at this time.

For information

- July 2022 internal audit progress report

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Progress of plan

Below is the status of the 2022-23 Internal Audit plan as approved by the Corporate Governance and Standards Committee.

Internal audit	Status						Results	Management Actions			
	Planning	Fieldwork	Draft Report	Final Report	Reporting to CMT	Reporting to CGSC	Overall Rating	High	Medium	Low	Total
01/22: IT Infrastructure for Remote Working	✓	w/c 25 July	w/c 08 August	w/c 22 August	w/c 19 September	29 September 2022	Not due	-	-	-	-
02/22: Performance Monitoring – KPI Review One	✓	✓	✓	✓	13 July 2022	28 July 2022	Significant assurance with minor improvement opportunities	-	1	2	3
03/22: Performance monitoring – KPI Review Two	✓	✓	✓	✓	13 July 2022	28 July 2022					
04/22: Performance monitoring – KPI Review Three	✓	✓	✓	✓	13 July 2022	28 July 2022					
05/22: Customer Services: Complaints Handling	✓	✓	w/c 18 July	w/c 01 August	21 September	29 September 2022	Not due	-	-	-	-
06/22: Corporate Programmes: Redevelopment Projects	September	w/c 24 October	w/c 14 November	w/c 28 November	11 January	19 January 2023	Not due	-	-	-	-
07/22: Risk management	August	w/c 19 September	w/c 10 October	w/c 24 October	09 November	17 November 2022	Not due	-	-	-	-
08/22: Financial controls: budgetary control	October	w/c 28 November	w/c 12 December	w/c 02 January	11 January	19 January 2023	Not due	-	-	-	-

Progress of plan (cont.)

Internal audit	Status						Results	Management Actions			
	Planning	Fieldwork	Draft Report	Final Report	Reporting to CMT	Reporting to CGSC	Overall Rating	High	Medium	Low	Total
09/22; Financial controls: General Ledger	September	w/c 24 October	w/c 07 November	w/c 21 November	11 January	19 January 2023	Not due	-	-	-	-
10/22: Financial controls: Payroll	✓	w/c 25 July	w/c 15 August	w/c 29 August	21 September	29 September 2022	Not due	-	-	-	-
11/22: s.106 Contributions	October	w/c 05 December	w/c 19 December	w/c 02 January	11 January	19 January 2023	Not due	-	-	-	-
12/22: Follow up reviews from 2021-22	November	w/c 09 January	w/c 30 January	w/c 13 February	10 March	15 March 2023	Not due	-	-	-	-
13/22: Regeneration	November	w/c 09 January	w/c 30 January	w/c 13 February	10 March	15 March 2023	Not due	-	-	-	-
14/22: Financial controls: Journals	November	w/c 09 January	w/c 30 January	w/c 13 February	10 March	15 March 2023	Not due	-	-	-	-
							Total	-	1	2	3

Appendix A – Performance Monitoring

Conclusion

We reviewed the design and effectiveness of performance monitoring arrangements through review of three environment-themed key performance indicators (KPIs) from the most recent performance report, 'Corporate Performance Reporting' taken to Corporate Governance and Standards Committee (CGSC) on 21 April 2022.

Overall we provide 'significant assurance with minor improvement opportunities' (**green**-**amber**). This is driven by the lack of formal and consistent review of the accuracy and completeness of underlying data and KPI figure calculation by Service Areas, resulting in data quality issues across our sampled KPIs. We raise this as a medium priority management action, to ensure that underlying data is scrutinised to assess its accuracy and completeness.

We considered processes and controls around the collation of data and reporting of three KPIs:

ENV2 - Household Waste Recycled and Composted: *The KPI is defined as the percentage of household waste recycled and composted.*

The KPI is well defined and reflects the underlying data. There is a robust process around the collation of data. This involves the use of the Waste Data Flow (WDF) system to capture data, audit the quarterly returns and query any anomalies and exceptions with management before submission externally to DEFRA. WDF calculates the KPI figure based on the data entered by management. Based on this and the subsequent audit it is subject to each quarter, we have not tested the underlying data for accuracy and completeness as the Council receives assurance on this quarterly.

ENV3 - Number of fly tips: *The KPI is defined as the number of reported fly tips.*

The KPI description and commentary provided in reporting does not include the exclusions to the underlying data. The reported data excludes duplicates, reports on private land and reports subsequently not found. This ensures a true picture of reported fly tips is reported however it is not made clear in commentary to CGSC.

We did not test the most recently reported data at the time of audit, due to management informing us that the reported figure was incorrect, due to a batch of paper tickets going missing in the Councils internal mail.

Summary

Overall rating:	Significant assurance with minor improvement opportunities	
Priority rating:	Control design	Operating effectiveness
High	0	0
Medium	0	1
Low	2	0

Acknowledgements

We thank the following for their contribution:

- Strategic Services Director, Executive Sponsor
- Service Delivery Director, Executive Sponsor;
- Strategy and Communications Manager;
- Policy Officer, Strategy & Communications;
- Head of Operational and Technical Services
- Waste Strategy Technical Support Lead
- Head of Environment and Regulatory Services and
- Private Sector Housing & Pollution Lead

Appendix A – Performance Monitoring

As we know this data to be incomplete, we tested the following quarter's data, which is yet to be reported, and found no issues with the underlying data. We were unable to test the previous quarter as this was before the Council phased out paper tickets.

Therefore, we were unable to test the accuracy of data reported to CGSC at the time of audit. Management reported the incorrect Q2 2021-22 figure to CGSC. We identified that the Q3 2021-22 data was available and submitted to WDF in January 2022 but not included in the April 2022 CGSC report. These issues were not picked up prior to reporting due to a lack of formal processes with respect to reviewing and approving the underlying data and figures reported.

ENV4 - Number of outstanding statutory nuisance investigations: *The KPI is defined as the all outstanding cases (including current ongoing investigations) received up to the day the report was compiled*

The description and commentary provided in reporting is not clear on the exact period covered. The description states it includes all investigations up to the date the report was complied, which could be before or after the final day of the quarter, as the reports are run at a point in time, rather than setting parameters for specific dates.

Management could not provide us with the underlying data to support the most recently reported KPI figure as they are unable to retrospectively run reports from the system and they do not save reports at the time of reporting.

Monitoring and Reporting of KPIs

The quarterly performance report is presented at meetings of the Corporate Management Team (CMT), Executive Liaison Group (Portfolio Holders) and the CGSC. Performance is discussed at these meetings and the need for any remedial action identified. These actions are included and tracked in the service plans. The report is also circulated to the s.151 officer, Democratic Services and Elections Manager, Lead Councillor and HR and Equality leads for oversight. The Strategy & Communications Team are responsible for collating all of the KPIs for inclusion in reporting. We note that they have recently started a KPI review process involving the review of underlying data and calculations for a sample each quarter.

Appendix A – Performance Monitoring

Areas of good practice

- ✓ The performance report provides relevant information around each KPI which provides context. This information includes: definition of the KPI, commentary on the previous and current performance, RAG ratings, graphics of the performance across five quarters, roles and responsibilities around reporting and frequency of reporting.

- ✓ ENV2 and ENV3 are entered into WDF, which provides self-check spreadsheets for the Waste Strategy and Technical Support Lead to review data prior to submitting the quarterly returns.

- ✓ ENV2 and ENV3 are subject to audit by WDF before returns are submitted through to DEFRA.

- ✓ ENV4 is part of a wider suite of KPIs reported monthly within the Service Area.

- ✓ The performance report is reviewed by the Strategy & Communications Manager and CMT quarterly before presentation to CGSC.

- ✓ There are mechanisms for CMT and CGSC to challenge the content of the reporting. The report includes a section highlighting changes made since the last quarter of reporting.

Summary of key findings

Formal review of KPI data	2.1	The Council could not provide evidence of formal data-level reviews by Service Areas level prior to submission to the Strategy & Communications team.
Access requirements for responsible persons	2.2	The responsible individual for the collation and reporting of the fly tipping data does not have system access to run reports of underlying data, should it be required for the Service Lead or Strategy & Communications Team to review.
Lack of clarity in KPI definitions	2.3	The 'descriptions' in the Performance Reports for KPIs 2 and 3 do not entirely explain the calculations / reporting of underlying data.

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