

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer – Resources

Audit Committee: 4 December 2024

Subject: Internal Audit Plan 2023/24 – Progress to 6 November 2024

1. Purpose

1.1 The purpose of this report is to advise Members of progress to 6 November 2024 against the Internal Audit Plan for 2023/24.

1.2 The report also advises Members of:

- recently issued Internal Audit reports and action plans
- the status of implementation progress relating to action plans from previously issued Internal Audit reports.

2. Recommendations

2.1 It is recommended that Members note the contents of this report.

3. Background

3.1 The annual audit plan for 2023/24 was approved by the Audit Committee on 8 May 2023. This report provides information on the progress in implementing the plan.

3.2 When audit reports are issued by Internal Audit, an action plan is agreed with management in relation to issues highlighted by the audit report. Progress on implementing the actions is monitored by Internal Audit on a monthly basis and reported to the Audit Committee.

4. Main Issues

4.1. The annual audit plan sets out the audit coverage for the year utilising available staff resources to enable the Shared Service Manager – Audit & Fraud to provide the annual internal audit opinion regarding the adequacy and effectiveness of internal control within the Council.

4.2 In accordance with the risk-based audit methodology, for each audit, one of four audit opinions is expressed:

Strong	In our opinion there is a sound system of internal controls designed to ensure that the organisation is able to achieve its objectives.
Satisfactory	In our opinion isolated areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.

Requires Improvement	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
Unsatisfactory	In our opinion the control environment was considered inadequate to ensure that the organisation is able to achieve its objectives.

4.3 Detailed findings and recommendations reported to management are graded using the following criteria:

Red	In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole. Corrective action must be taken and should start immediately. Overseen to completion by Corporate Management Team.
Amber	In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole. Corrective action must be taken (some exceptions may be agreed with Internal Audit) within reasonable timeframe. Overseen to completion by Chief Officer/Head of Service.
Green	In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness. Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit. Managed by service owner. Not reported in Audit Committee papers.

4.4 There was one audit review finalised since the last Audit Committee in September 2024:

COMMERCIAL WASTE INCOME BILLING AND COLLECTION (SEPTEMBER 2024)

4.5 The Council's Waste Service section provides a commercial waste collection, recycling and disposal services to the businesses and organisations across the Council area. The Waste Service collect commercial waste from approximately 500 commercial waste customers. The Corporate Admin Support (CAS) team has responsibility for managing the invoicing process for new and existing commercial waste customers.

4.6 The objective of this audit is to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to commercial waste income.

4.7 The review focused on the high-level processes and procedures in relation to commercial waste income and concentrated on identified areas of perceived higher risk such as the arrangements in place to maintain the customer base, to ensure commercial waste income due from customers was completely and accurately collected in a timely manner and commercial waste income was recorded and reconciled in a timely manner.

The overall control environment opinion for this audit review was **Satisfactory**. There were three AMBER issues identified as follows:

Lack of Budget Oversight – Commercial Waste (Amber)

The audit identified that service management has limited information/knowledge to explain the actual variances against the commercial waste income budget. Without effective financial management and monitoring of the commercial waste budget there are risks the service has limited budget accountability and operations are not managed efficiently.

Timely processing of Commercial Waste Sales Invoices (Amber)

CAS is responsible for raising sales invoices for all new and existing customers of Commercial Waste Service. Audit testing identified delays in processing of invoices resulting in:

- For one customer, a sales invoice amounting to £12,357.28 being missed from the automated invoicing process in July 2023 and not raised until November 2023.
- For one customer signing up to the service in 2021/22, the initial sales invoice of £5,188.96 was not issued. Separate subsequent invoices were raised for this customer in 2022/23 and 2023/24 totalling £8,657.08 however these invoices were unpaid and escalated to corporate debt for recovery. At the time of the audit, this company has gone into liquidation and a manual invoice has now been raised for the 2021/22 invoice and an amended claim has been issued to the liquidators.

The process of invoice generation is now carried out via an automated process which will ensure accurate and timely billing going forward.

Adequacy of information on WDC Website – Commercial Waste Service (Amber)

The audit identified that the Commercial Waste Service page on the Council's website is not subject to regular review and found that the page contained out of date information.

Where there is no regular review of information on the Council's website there is a risk that information is not up to date.

- 4.9** The audit identified six issues, three of which we consider to be individually significant and an action plan is in place to address all issues by 31 March 2025.
- 4.10** In relation to audit work for the Integration Joint Board, work is underway for the 2024/25 audit plan with regular reporting to the Integration Joint Board Audit & Performance Committee.
- 4.11** In relation to the Valuation Joint Board, audit planning is underway.
- 4.12** In relation to the Leisure Trust, audit planning has not yet started.

4.13 Internal Audit Action Plans

In relation to audit action plans, these are monitored by Internal Audit on a monthly basis. The status report at 31 October 2024 is provided at Appendix 2.

Ongoing Corporate Fraud Team Work

4.14 The Corporate Fraud team's day to day work continues to focus on referrals relating to council tax reduction/single person discounts, joint working with DWP in relation to housing benefit and council tax reduction, referrals relating to housing tenancies and investigating relevant national fraud initiative matches.

4.15 The Internal Audit Team and the Corporate Fraud Team continue to work together as appropriate in order to ensure a joined-up approach to fraud investigation and detection for example in relation to whistleblowing enquiries.

National Fraud Initiative

4.16 The National Fraud Initiative is a series of biennial exercises run by the Cabinet Office and Audit Scotland to identify or prevent fraud and error by matching electronic data held by public bodies. Participating bodies are required to investigate data discrepancies within a set timescale and report back on any savings.

4.17 The 2022 exercise is now complete and a separate report is on the agenda for today's meeting.

Benchmarking

4.18 In accordance with the Council's Strategic Improvement Framework, the Council's Internal Audit service continues to be part of a benchmarking group which involves seven other Councils.

4.19 Meetings will continue to take place during 2024 to review performance and identify other areas for sharing of best practice.

5. People Implications

5.1 There are no people implications.

6. Financial and Procurement Implications

6.1 The Corporate Fraud Team activity can result in actual recoveries, charges and re-billings. The total amount of actual recoveries, charges and re-billings identified since 1 April 2024 is £90,222.

6.2 There are no procurement implications arising from this report.

7. Risk Analysis

7.1 There is a risk that failure to deliver the Internal Audit Plan would result in an inability to provide a reasonable level of assurance over the Council's system of internal financial control to those charged with governance. The main basis for providing assurance is coverage of the planned risk-based audits. Every endeavour is made to ensure that no material slippage occurs in risk-based audits by concentrating resources on these audits.

8. Equalities Impact Assessment (EIA)

8.1 There are no direct equalities impacts arising from the report however where an agreed action results in a change in process this will be considered for equalities impact by the relevant service.

9. Consultation

9.1 This report has been subject to consultation with appropriate Chief Officers.

10. Strategic Assessment

10.1 This report relates to strong corporate governance.

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Date: 6 November 2024

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Appendices: 2023/24 Annual Audit Plan – Progress to 6 November 2024
(Appendix 1)

Status of Internal Audit Action Plans at 31 October 2024
(Appendix 2)

Internal Audit Reports - Copies available on request

Wards Affected: All wards

