

**EXETER CITY COUNCIL  
AUDIT AND GOVERNANCE COMMITTEE**

**PROGRESS OF 2020/21 AUDIT PLAN TO DATE**

Please note that this is a summary of remedial action agreed, as to include all actions agreed from each audit report in detail would result in a lengthy document. Members may request a full copy of any report once finalised or alternatively meet with the Audit Manager to discuss specific audits further.

<b>Audit Review</b>	<b>Report Status</b>	<b>Overall Opinion</b>	<b>Direction of travel since last audit</b>	<b>No. of Findings &amp; Remedial Action Agreed (High Risk only)</b>	<b>Summary (where completed within this quarter)</b>
IT / Strata	In progress				
Main Accounting	Final	N/A	N/A	N/A	Reported last quarter
Income Management	Final	Satisfactory Assurance	No previous audit	6 Medium	Reported last quarter
Procurement	Q3				
Creditors	Final	Satisfactory Assurance	No previous comparable audit	<p>1 High 6 Medium 1 Low</p> <p>The 'high' risk finding related to the low level of electronic orders being placed.</p> <p>The lack of 'pre authorisation' of supplier payments, i.e. orders, has been reported on numerous occasions (last reported June 2019). Our external auditors Grant Thornton have also raised the same issue.</p> <p>Remedial action agreed – a new task and finish group has been set up as part of the 'Organisation Development' programme' to look at the</p>	<p>Creditors are paid via the Council's purchase ledger system. Between 1 April and 30 June 2020, over 2,960 invoices (not including payments for refunds, business support grants, or to Strata) were processed.</p> <p>As a result of the COVID-19 crisis, some changes to the usual creditor process were implemented to enable Accounts Payable staff to work from home. Accounts Payable can now only accept invoices by e-mail and any paper invoices received at the Civic Centre are scanned by the CSU and e-mailed direct to Accounts Payable. The process for processing electricity bills was also amended.</p> <p>The potential risk of fraud has increased since the start of the COVID-19 pandemic, with many fraudsters using it as an opportunity to exploit organisations and individuals</p> <p>As a result of the increased risk of fraud, larger samples of creditor invoices were tested for this audit to ensure payments were bona fide. More detailed testing was carried out for higher risk transactions, or where there had been a change in processes e.g.:</p> <ul style="list-style-type: none"> <li>- payments to new suppliers</li> <li>- high value payments</li> <li>- utility payments</li> </ul>

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				raising of purchase orders and payment of invoices. A proposed new process has already been drafted and the next stage is for volunteer areas to pilot it.	<p>The scope of the audit included a review of the following areas:</p> <ul style="list-style-type: none"> <li>- Detailed invoice testing on invoices from new suppliers (set up since 23 March 2020) &amp; those invoices over £4.5k</li> <li>- New suppliers</li> <li>- Payment of utility bills</li> <li>- Benford Law analysis</li> </ul> <p>Remedial action was agreed with management for all findings.</p>
Corporate Credit Cards	Final	Satisfactory Assurance	↓	3 Medium	<p>In addition to paying Creditors via EFINs (which is the Council's purchase ledger system) there is also the facility for staff to purchase items using one of the Council's credit cards which are held by nominated officers.</p> <p>As at June 2020, corporate credit cards had been issued to 53 members of staff.</p> <p>The scope of this audit included checking that:</p> <ul style="list-style-type: none"> <li>• separation of duties exist between the person placing the order and the person authorising the order</li> <li>• the order is authorised prior to it being placed</li> <li>• where applicable a valid VAT receipt/invoice is held</li> </ul> <p>Remedial action has been agreed with management for all the findings identified.</p>
Treasury Management	Q4				
Insurance	Q3				
People Management	In progress				
Health & Safety	Q4				
Private Sector Landlord Services	Q3				
Better Care Fund	Final	Substantial Assurance	↑	1 Medium	<p>In 2015 the government introduced the Better Care Fund in an attempt to bring health and social care together in an integrated way. The fund is a combination of government funding from the Department of Health and the Department for Communities and Local Government and includes the grant allocation for both Disabled Facilities Grants and Warm Up grants.</p>

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					<p>Warm up grants (up to a maximum of £2k per property) provide:</p> <ul style="list-style-type: none"> <li>• top up funding for energy efficiency measures where energy providers are part funding energy efficiency measures under their Energy Company Obligation (ECO) or</li> <li>• to fund energy efficiency measures which do not attract Energy Company Obligation which do not attract Energy Company Obligation, for example, insulation to mobile homes and the installation of central heating for the first time.</li> </ul> <p>For the period 01/04/19 to 30/03/20 a total of 273 warm up grant payments were made, with a total value of £530,399.50</p> <p>The Scope of the audit included a review of the following areas:</p> <ul style="list-style-type: none"> <li>• Policies and procedures</li> <li>• Eligibility</li> <li>• Approval of applications</li> <li>• Checks on new suppliers</li> <li>• Supplier agreements, e.g. data sharing</li> <li>• Payment of grant and authorisation</li> <li>• Monitoring of grant income</li> </ul> <p>Remedial action has been agreed with management for the finding identified</p>
Sport England	Q3				Propose postponing to 20/21 (see covering report) to enable additional testing of business grants as a result of the second lockdown.
Homecall	Q3/4				
Corporate Property Assets	In progress				
Communications – social media	Q3				
Housing Benefits	Draft				
Council Tax	Draft				
Sundry Debtors	Q4				
Housing – (incl. development, temp	Q3/4				

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accommodation, housing needs, homelessness)					
Corporate Governance	In progress				
Equalities and Diversity	Q4				
Risk Management	In progress				
Business Continuity Management	In progress				
Contract Management	Q4				
Performance Management	Q3/4				
Commercialisation and project management	Q4				
Review of hospitality/disclosures	Q4				
Disabled Facilities Grants	Final	Substantial Assurance	↔	2 Medium 1 Low	<p>The awarding of these grants by local councils is governed by part one of the Housing Grants, Construction and Regeneration Act 1996. Devon County Council has been allocated funds by Central Government to support disabled adaptations. A share of this money is then allocated to each local authority within Devon to administer on behalf of DCC.</p> <p>For the 2019/20 year, ECC was allocated £621,907 from Devon's Better Care Fund, and there was a balance of £499,892 brought forward from the previous year (2018/19).</p> <p>The Council is required to confirm that the grants they have awarded have been administered in accordance with the conditions set out by the Department of Community and Local Government..</p> <p>The Scope of the audit included a review of the following areas:</p> <ul style="list-style-type: none"> <li>• Policies and procedures</li> <li>• Eligibility</li> <li>• Approval of applications</li> <li>• Works</li> <li>• Conditions</li> <li>• Payments</li> <li>• Monitoring of grant income</li> </ul>

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					<p>Samples of transactions were selected over the period 1 April 2019 to 31 March 2020 for examination and members of staff were interviewed in order to check the effectiveness of the internal controls and procedures in operation.</p> <p>In this period 106 Discretionary grants were approved with a total value of £438,277.70.</p> <p>Remedial action has been agreed with management for the finding identified.</p>
<b>Unplanned Additional Audit Work 20/21 and loss of audit days</b>					
Gov't Covid Business Grants – administration and award of grants	Complete	N/A		N/A	The Audit Managers have been assisting the business rates team in the administration, assessment and awarding of the Covid Business Grants.
Covid Business Grants – post award assurance	Draft				The Government requires post award checking of the Covid Business grants. As the Audit Managers were involved in the administration process this has been allocated to another member of the audit team to provide some independence.
Support for Leisure Contract in-house	Complete				The Audit team undertook the inventory checks at the Leisure facilities to assist with the transfer of these facilities to be run in-house following the end of the current Leisure contract with Parkwood Leisure.
Re-deployment of staff to Exeter Community Hub	Complete				Two team members were deployed to the Exeter Community Hub for 12 hours per week for the total of 9 weeks.
Furlough of staff	Complete				One member of the team was furloughed for 6 weeks (24 days lost from audit plan)
Income Compensation Scheme for lost sales, fees and charges	In progress				At the request of the Director of Finance, Internal Audit will be auditing the claims submitted to government in respect of this scheme to ensure that the claim complies with the government guidelines. The time to undertake this audit is outside of the audit plan and will be resourced by a member of staff working overtime.

**Audit reports issued during 20/21 relating to the 19/20 Year**

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Contract Management	Final	Satisfactory Assurance	↔	3 Medium risks	Reported last quarter
Procurement	Final	Satisfactory Assurance	↔	11 Medium risks	Reported last quarter