

REPORT TO: Audit and Governance Committee
MEETING DATE: 20 September 2022
BY: Service Manager – Internal Audit
SUBJECT: Internal Audit Report – September 2022

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit reports issued since the last meeting of the Committee and to provide an update on progress made against the 2022/23 annual audit plan.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note:
- i. the main findings and recommendations from the Internal Audit reports issued during the period from June 2022 to September 2022 as contained in Appendix 1;
 - ii. Internal Audit's progress against the annual audit plan for 2022/23 as set out in Appendix 2.

3 BACKGROUND

- 3.1 Since the last meeting of the Committee final reports have been issued in respect of the following audits: Waste Services Income, Finance Business Partners and Budget Monitoring, and Performance Indicators.
- 3.2 The main objective of the audits was to ensure that the internal controls in place were operating effectively. A summary of the main findings and recommendations from the audits is contained in Appendix 1.
- 3.3 In addition since the last meeting of the Committee, a report was completed to review and consider the adequacy of the evidence available to support the Council's compliance with the regulatory requirements for the Scottish Housing Regulator Annual Assurance Statement, there is no grading for this report. This report is included as Appendix 2 to the Housing Assurance Statement 2022 report contained as Audit and Governance Committee agenda item 5.

- 3.4 For the audit reviews undertaken, Internal Audit has provided management with the following levels of assurance:
- Waste Services Income – Limited Assurance
 - Finance Business Partners and Budget Monitoring – Reasonable Assurance
 - Performance Indicators – Reasonable Assurance

Progress Report 2022/23

- 3.5 A progress report attached as Appendix 2 is prepared to assist the Committee in their remit to evaluate Internal Audit’s work and measure progress against the annual audit plan for 2022/23.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
- 6.2 Personnel - None
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

AUTHOR’S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	9 September 2022

Appendix 1 Executive Summary: Waste Services Income

Conclusion: Limited Assurance

Waste Services have arrangements in place for the administration of the Trade Waste service and generation of income from the sale of recycling material (commodities). The service has an appropriate approach to material capture which is intended to support the Council's ambitions of the circular economy and requirement for income. The period reviewed covered a timespan whereby the service was operating within business continuity during the pandemic whilst maintaining all statutory service provision. However the service was severely impacted by a loss of staff resource, which impacted upon capacity and led to key controls in respect of Waste Services Trade Waste administration and invoicing for the sale of material not operating effectively. Procedures and key reconciliations are required to ensure future issues are identified and rectified at an early stage. These areas are currently being addressed as a matter of urgency by the service area, with invoices being issued, improvements to systems being made and the recruitment of key staff progressing well.

Background

The audit focussed on the controls for the income elements of waste management processes, covering both income from the sale of recyclates and from the provision of a Trade Waste collection and disposal service to businesses across East Lothian. For recyclates, a new collection contract came into place in November 2021 and recycled materials are collected weekly from households. In respect of Trade Waste, the Council provides a collection and disposal service to non-domestic properties across East Lothian, with charges based on the frequency of collection (once or twice weekly) and the size of the bin.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Transport & Waste**:

- Documented procedures are not in place to provide guidance to staff on the sale of recycled waste. *Management have agreed to put procedures in place and make these available to staff by November 2022.*
- The administration of the Trade Waste service requires prompt follow-up of non-payment, amounting to 20% of charges in 2021/22. *Management have agreed to issue reminders and where appropriate invoices, and businesses who fail to pay will have their service stopped by April 2023.*
- In 17% of sampled customers receiving a Trade Waste service from the Council, the Waste Transfer Notes (WTNs) were not held by the Council. *Management have agreed that non-return of WTNs will lead to the collection ceasing when the existing WTN expires by April 2023.*
- A database is maintained of all material collected for recycling and subsequently sold, which was not up to date for all commodities other than scrap metal where the database provided full details for the sales made. *Management have agreed to keep the database up to date from October 2022.*
- In some cases, there was a lack of supporting documentation to confirm the rates agreed for the sale of recyclates. *Management have developed a Commodity Rebate Framework which is being sent to all merchants to improve the recording of commodity prices and this is now in place.*
- The processes for invoicing merchants for the sale of recyclates did not fully operate, approximately £53,000 of invoices had not been issued for periods at the start of 2022. *Management have agreed that checks to ensure all amounts are invoiced will be carried out on a monthly basis by September 2022.*
- There was a lack of reconciliations being undertaken between the general ledger and the Waste Services record of income received, leading to a failure to identify potential discrepancies or anomalies. *Management have agreed to undertake regular reconciliations by September 2022.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	2	13	-	15
Prior Report (Jan 2017)	2	5	-	7

Materiality

Recorded income from the sale of recyclates was approximately £370,000 in 2021/22. It is noted that the commodities volumes changed in May 2021 and again when the collection model changed in November 2021 to separate glass from the material collection stream. The value of the material went up significantly and continues to increase as the market is in high demand for high value recyclates. The expectations are that income from the sale of recyclates will be significantly higher in 2022/23, being approximately £300,000 to the end of July 2022.

Headlines

Objectives	Conclusion	Comment
1. Clear and appropriate policies, procedures and guidance documents are in place for income collection, including for the Trade Waste service and the sale of recyclates.	Limited	A list of Trade Waste collection and disposal charges for 2022/23 is available on the Council's website, charges are based on the size of the bins and the frequency of uplifts. Internal procedures are in place for the administration of the Trade Waste service, but there was a lack of detailed procedures to assist staff with responsibility for the sale and invoicing of recycled waste. A Commodity Rebate Framework has however recently been developed, together with accompanying internal guidance notes.
2. Appropriate processes are in place for the provision of the Trade Waste service, including adequate arrangements to follow-up and ultimately remove service as appropriate for non-payment of income due to the Council.	Limited	A comprehensive database is maintained of all Trade Waste customers, including business name and address, Trade Waste account number, collection details, payment methods and details of all amounts received and amounts outstanding. There was a lack of effective follow-up on the non-payment of Trade Waste charges. As at August 2022, approximately £90,000 of 2021/22 Trade Waste charges were still outstanding, representing around 20% of total 2021/22 Trade Waste charges, and businesses that had failed to pay their charges had continued to receive a Trade Waste service in both 2021/22 and 2022/23. 63% of 2021/22 holiday let charges have not been received due to late charge notifications.
3. Waste Transfer Notes are kept for all Trade Waste being received and are retained in line with legislation.	Limited	The Environmental Protection (Duty of Care) (Scotland) Regulations 2014 state that persons transferring and receiving waste must complete and sign a transfer note in respect of the waste. For a sample of Trade Waste customers reviewed, in some cases a fully completed Waste Transfer Note (WTN) for 2021/22 could not be located, while in other cases the WTN for 2022/23 had yet to be returned by the business to the Council, although we are advised these are being followed up.
4. A clear audit trail is maintained of all waste collected and sold for recycling.	Limited	The Council collects a range of recyclates, which are then sold for recycling including glass, scrap metal, cardboard, paper and co-mingled (plastics, cans and cartons). A database is maintained of all material collected for recycling and subsequently sold, however the database was not up to date. Processes in place for agreeing the rates for the sale of recyclates with buyers resulted in a number of cases of rates that had been agreed verbally, with a lack of supporting documentation. The Commodity Rebate Framework being introduced, should improve the recording of commodity price agreements.
5. Adequate arrangements are in place to issue sales invoices for the sale of recyclates.	Limited	We found that for some months, there had been a failure to issue sales invoices for the sale of scrap metal and glass, resulting in income not being received by the Council. We are advised that this is currently being addressed by the service area and that invoices have now been issued for the outstanding months. In other cases we found discrepancies between the details held by the Council and the quantities invoiced, while in some cases the sales invoices issued by the Council did not clearly set out the quantity of waste being sold and the rates being charged.
6. Invoice systems and processes are adequately reconciled to the Council's financial ledger and are monitored in line with budget expectations on a regular basis.	Limited	For the Trade Waste service, there is currently a lack of reconciliation between the income recorded on the database and the amounts recorded in the Council's general ledger. There is also a lack of reconciliation between the general ledger and the Waste Services record of income received from the sale of recyclates.

Areas where expected controls are met/good practice

No	Areas of Positive Assurance
1.	<p>The Council introduced a new collection model in November 2021. Recyclable materials are collected from households on a weekly basis, with all materials collected on the same day. Materials collected fall into five categories – plastic, cans and cartons (co-mingled); glass bottles and jars; paper and card; cardboard; and food waste. The main aims of the new collection arrangements are to align services to the Scottish Government’s Household Waste Charter and deliver best value through the sale of high quality recyclates to the commodities market, while improving service delivery to the residents of East Lothian.</p>
2.	<p>The Council provides a Trade Waste collection and disposal service to businesses (non-domestic properties) in East Lothian, which enables businesses to manage their waste in accordance with their Duty of Care. Trade Waste charges are based on the frequency of collection (once or twice weekly) and the size of the bin. Charges for the Trade Waste service are for the full year from 1 April to 31 March and customers joining partway through the year will be charged pro-rata. Customers are provided with a range of payment options including online, via the payment line, by cheque and by direct debit instalments. Trade Waste customers are also provided with a fortnightly collection for glass, metal, plastic, paper and card, and cardboard, which allows businesses to present their recycling separately from their non-recyclable waste.</p>
3.	<p>The Council operates four recycling centres (Dunbar, Kinwegar, Macmerry and North Berwick), which enable East Lothian residents to recycle a wide range of items (24 categories in total). In addition there are around 70 recycling points across East Lothian with facilities for depositing green, clear and brown glass bottles and jars; mixed metal food and drink cans; paper and card; and textiles.</p>

Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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.

Executive Summary: Finance Business Partners and Budget Monitoring

Conclusion: Reasonable Assurance

The internal controls in place for Finance Business Partners and Budget Monitoring are generally reliable, however there are some improvements that can be made to provide a fully effective control process, including introducing formal procedures to assist staff with responsibility for budget monitoring, the arrangements in place for recording discussions held at budget monitoring meetings and for providing details of any remedial action to be taken, a review of the training provided on budget monitoring and the arrangements in place for producing monthly aggregate budget monitoring reports.

Background

The Council has responsibility for setting an annual budget and for monitoring expenditure against budget allocations. The approved Council budget for 2022/23-2024/25 incorporates the need to identify recurring annual savings totalling £15.5 million over the three-year period, and when added to the recurring requirement to deliver £2 million from enhanced staffing management this amounts to a total saving of £17.5 million. Further modelling indicates larger potential funding gaps will be likely in future years. A sound system of budget monitoring is essential to ensure effective financial control during a climate of financial constraints and the ongoing impact of the Coronavirus pandemic. The Finance Business Partners have a key role in providing advice and analysis to service areas throughout the year on the financial impact of decisions made, to help ensure the Council continues to deliver the highest quality of services in East Lothian. We were informed that the Business Finance Section have met all statutory deadlines despite continuing resource constraints, additional work from Covid-19 funding streams and the team being in business continuity for over two years.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:

- While staff in the Business Finance Section are provided with monthly email instructions to assist with budget monitoring routines, there was a lack of formal procedures in place to provide clear guidance to budget holders and the Finance Business Partners. *Management have agreed to produce procedures by July 2023.*
- There was a failure to record a summary of discussions held at budget monitoring meetings and to provide appropriate details of remedial action to be taken by the budget holder. *Management have agreed to create an email summary of discussions held at budget monitoring meetings by December 2022.*
- In a number of instances, the aggregate monthly budget monitoring reports had not been produced for financial year 2021/22, in agreement with the Council Management Team (CMT), due to a lack of resources in the Business Finance Section. *Management advised that staffing resources have now improved through recruitment and have agreed to produce monthly reports by October 2022.*
- A review of the Business Finance Section's training should be undertaken – a formal training pack had not been prepared for budget monitoring and a log was not being maintained of the training provided to budget holders. *Management have agreed to undertake new focused training by July 2023.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	8	-	8
Prior Report	N/A	N/A	N/A	N/A*

Materiality

The Council had a General Services Revenue budget of approximately £264 million for financial year 2021/22. The budgeted surplus for the Housing Revenue Account for 2021/22 was forecast at £2.2 million. The budgeted capital expenditure for 2021/22 was approximately £91.5 million for General Services and £29.7 million for the Housing Revenue Account.

* No prior report exists for Finance Business Partners and Budget Monitoring.

Headlines

Objectives	Conclusion	Comments
1. Adequate procedures are in place for all relevant staff with responsibility for budget monitoring.	Limited	Staff members in the Business Finance Section are issued with monthly email instructions to assist with budget monitoring routines, however formal procedures have not been developed to provide clear guidance to staff on the wider financial monitoring role. There is an Advice for Budget Holders section on the Council’s intranet, however no detailed guidance on budget monitoring was provided to budget holders, certain documents listed in the overview were not available to budget holders and other information was out of date.
2. Appropriate arrangements are in place for providing budget holders with monthly financial monitoring reports.	Reasonable	Appropriate arrangements were in place for providing all budget holders with monthly reports – the reports are generated automatically on Management Reporter and the daily download from Great Plains is subject to stringent quality assurance checks to ensure that the data reconciles to Management Reporter. However for periods 7, 8, 10 and 11 in 2021/22, the separate aggregate budget monitoring reports had not been produced, in agreement with the CMT, during the period of business continuity.
3. Adequate arrangements are in place for reporting projected variances and for providing details of any corrective action to be taken.	Reasonable	Appropriate arrangements were in place for reporting projected out-turns and revised variances to the budget holders on a monthly basis, and to the CMT and Council each quarter. However the Business Finance Section have not defined or documented a pre-determined level of material variance for reporting, although all variances are discussed and investigated on a regular basis and the risks are always highlighted to Council. A detailed review is undertaken of the budget areas by the Service Manager – Service Accounting, prior to the financial position being reported.
4. Regular meetings are held between the budget holders and the Finance Business Partners.	Reasonable	Adequate evidence was available to confirm that the Finance Business Partners held regular meetings with budget holders. However there was a failure to record a summary of discussions that had taken place at budget monitoring meetings and to provide appropriate details of remedial action to be taken by the budget holder.
5. Adequate arrangements are in place to ensure that budget monitoring reports are regularly presented to the CMT and Council.	Reasonable	Adequate arrangements were in place to ensure that budget monitoring reports are presented regularly to the CMT and Council. From our review of financial year 2021/22, we found that regular in-year reporting and forecasting was in place to ensure that senior management and members were updated on the operational budgets – quarterly financial updates had been presented to the CMT and the Council detailing the updated projected out-turns for the year.
6. Arrangements are in place to ensure that all staff are provided with appropriate budget monitoring training.	Limited	Appropriate arrangements are in place for providing detailed school budget guidance to Education staff, including the creation of videos to help assist staff with their budgets. We were informed that training is normally provided to new budget holders in other service areas and Finance Business Partners when starting in post. However, we found that a training pack had not been prepared for budget monitoring and a log was not being maintained of the training provided to budget holders.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	Appropriate arrangements are in place to ensure that regular budget monitoring meetings are held between budget holders and Business Finance staff.
2.	Appropriate arrangements are in place to ensure that budget monitoring reports are presented regularly to the CMT and Council – quarterly financial updates had been presented, detailing the updated projected out-turns for the year. The reports are discussed with Heads of Service prior to submission and are subject to quality reviews by the Service Manager – Service Accounting.
3.	Adequate arrangements were in place for providing all budget holders with monthly financial monitoring reports. The reports are generated automatically on Management Reporter by the Corporate Finance Systems Team – budget holders can log in to access the latest in-year reporting and forecasting for their own budget areas.
4.	Staff members in the Business Finance Section are provided with monthly email instructions to assist with budget monitoring routines, the daily download from Great Plains is subject to quality assurance checks to ensure that the data reconciles to Management Reporter and the Service Manager reviews the work of the Finance Business Partners prior to the information being reported to the CMT and Council.

Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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.

Executive Summary: Performance Indicators 2021/22

Conclusion: Reasonable Assurance

Our review of Performance Indicators found that internal controls and procedures established by Management were operating satisfactorily in most areas, with the indicators prepared by the Council being based on appropriate information. Our audit focused on a sample of indicators selected from the Quarter 4 report to the Policy and Performance Review Committee. Indicators where the indicator was reported as being significantly outwith the target level or there had been substantial changes from the previous quarter of the year were selected for review. From the sample of cases selected the reported data was correct to the base systems data examined with the exception of the CH02 homeless indicator where base data had not been retained and live systems showed a marginally different figure based on current data.

Background

As part of the Audit Plan for 2022/23, a review was undertaken of the systems in place for the preparation and reporting of performance indicators. Our review has focused on the Local Government Benchmarking Framework (LGBF) indicators for 2021/22. The Framework covers seven service areas: Children’s Services; Corporate Services; Adult Social Care; Culture and Leisure Services; Economic Development and Planning; Environmental Services and Housing Services. For 2021/22, we selected a sample of seven indicators for review, which comprised of three Revenue indicators, one Waste Services indicator, one Amenities indicator and two Homelessness indicators. Improvement recommendations have been made for one Adult Social Care indicator and three Corporate Services (HR) indicators.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Sports, Countryside & Leisure and the Service Manager –Community Housing & Homelessness**:

- The target of 88 incidences of fly-tipping per month has only been met in 5 quarters since 2017 and 4 of those occasions were during lockdown, consideration needs to be given to what an appropriate target should be for this indicator going forward given the population growth within the County. *Management have agreed to review this target **by December 2022**.*
- The homeless management system is an access database, as a result this system only holds current data and does not maintain an audit trail of historical data, as data is not routinely reported and saved it was impossible to recreate the reported PI data, current data provided a marginally different figure for the performance indicator CH02. *Management have agreed to retain copies of all reports taken from the system and put in place a process of maintaining reports on a regular basis **by December 2022**.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	3	-	3
Prior report	-	3	-	3

Materiality

The Local Government Benchmarking Framework (LGBF) is a high level benchmarking tool designed to support senior management teams and elected members to ask questions about key Council services. The Framework includes over 70 indicators, which are reported on annually and the data supports comparisons between similar Councils and over time.

Headlines

Objectives	Conclusion	Comment
1. A series of Performance Indicators have been established to monitor progress towards completing both the Council Plan and the East Lothian Plan.	Reasonable	Performance Indicators come from various sources, statutory indicators are set by the Accounts Commission and some of these are defined by the Council itself, 80 indicators come from the Local Government Benchmarking Framework and 50 indicators reflect the performance of the Council Plan. The key 50 Council Plan indicators are reported to every PPRC Committee meeting and other indicators are reported annually.
2. Appropriate processes are in place to ensure the accuracy of the Waste Recycling indicator reviewed.	Substantial	An appropriate system has been put in place at all of the Civic Amenity sites to record the number of vehicles entering and the reported figures for this indicator are correctly reported in accordance with the results of the system.
3. Appropriate processes are in place to ensure the accuracy of the Fly-tipping indicator reviewed.	Reasonable	Incidents of fly-tipping are reported to the Council via a number of sources, emails, calls, fix my street and logged on the CRM system all of which are appropriately collated in producing the overall figures for this indicator in accordance with guidance. A target of 88 fly-tipping incidents per month has been set but this figure has only been reached in 5 quarters and 4 of these were during the periods of lockdown. It may be appropriate to review the target for this indicator to ensure that it highlights only when there is significant concern at higher levels of fly-tipping.
4. Appropriate processes are in place to ensure the accuracy of the Homelessness indicator reviewed.	Reasonable	An access database system (AVD) is used to hold homelessness records, which only holds access to current data no reports were retained of the data provided for reporting for this PI at the time of reporting. However, the AVD systems reports provided for the audit indicated that there were 175 homelessness cases provided temporary accommodation, which was the same figure reported to the Committee.
5. Appropriate processes are in place to ensure the accuracy of the percentage of Council Tax collected figure.	Substantial	At the end of each financial year a report is produced showing a detailed breakdown of all Council Tax bills. From the totals which allows water & sewage and Council Tax Reduction to be removed before the percentage of Council Tax collected is calculated, in accordance with the detailed guidance for this indicator. The report for 2021/22 showed that 97.7% of that year's billed Council Tax had been collected.
6. Appropriate processes are in place to ensure that the time taken to re-house homeless people are accurately recorded.	Reasonable	An access database system (AVD) is used to hold homelessness records, which only holds access to current data no reports were retained of the data provided for reporting for this PI at the time of reporting. The reports produced for the audit, showing 470 days of an average stay in temporary accommodation did not agree to the committee reports showed that the average stay in temporary accommodation is 466 days. Recommendations have been made to improve the maintenance of data from this system for reporting.
7. Appropriate processes are in place to ensure the accuracy of the percentage of Non-Domestic Rates collected figure.	Substantial	At the end of each year an NDR financial statement is produced which allows the percentage collected to be calculated. Internal Audit confirmed that the reporting of this indicator was in line with guidance and the systems data and had been reported correctly. For 2021/22 99.1% of that year's NDR had been collected.
8. Appropriate processes are in place to Rent Arrears.	Substantial	A suite of rent collection and rent arrears reports have been developed and are scheduled to run automatically on fortnightly basis. The reported performance is in accordance with these reports and the guidance. Rent arrears at 31 March 2022 were £1m, showing a reduction of £0.26m from the previous year.

Areas where expected controls are met/good practice.

No.	Areas of Positive Assurance
1.	Performance Indicators have been established to monitor progress against both the Council Plan and the East Lothian Plan.
2.	The 50 key Performance Indicators are reported to the Policy and Performance Review Committee on a quarterly basis.
3.	Appropriate systems are in place to report appropriate performance indicators in line with guidance and were operating effectively in relation to indicators for Council Tax, Non Domestic Rates, Rent arrears, and the number of vehicles entering amenity sites. However no detailed testing of the individual transactions within these systems was undertaken as part of this review.

Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

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No Assurance	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.

INTERNAL AUDIT PROGRESS REPORT 2022/23

APPENDIX 2

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
HR/Payroll Recruitment and New Starters Process	We will review the processes for recruitment, vetting, contract completion, payment and initial training of new start employees for the Council.	February 2023	
Sundry Debtors	We will examine the processes and controls in place for raising, collection, monitoring and resolution of sundry debts.	November 2022	In Progress
Finance Business Partners and Budget Monitoring	We will review the processes and procedures in place to assist services in financial management through the provision of Finance Business Partners and monitoring of budgets against best practice.	September 2022	Completed
Construction Materials Procurement	We will review the processes around procurement of construction materials and services across the Council's services.	February 2023	
City Deal Governance and Monitoring	We will review the governance and monitoring processes in place around the progress of the Edinburgh City Deal projects and the intended monitoring of the Joint Venture with Queen Margaret University.	November 2022	In Planning
Homelessness Services	We will review the processes in place and recently reviewed to meet the new regulatory requirements of the Homelessness Service.	June 2023	

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Systems and Data Backup and Recovery Testing	We will review the processes in place to ensure that the Council has adequate processes and procedures in place to ensure that core systems have data backed up and that systems and data could be recovered in the event of corrupted systems or data by testing this appropriately.	February 2023	
ICT Asset Management	We will review the processes in place in relation to the asset management of Council ICT assets across the authority.	November 2022	In Planning
COVID-19 Recovery & Renewal Plan	We will review the processes of governance and control in place to monitor progress against the East Lothian Council COVID-19 Recovery & Renewal Plan.	June 2023	
Climate Change Strategy Review and Monitoring	We will review the processes and governance in place to review and monitor the actions that are recorded against the Climate Change Strategy.	June 2023	
East Lothian Works	We will review the governance and controls in place for the operation of East Lothian Works and the links to educational outcomes.	November 2022	In Planning
Housing Management System Replacement Project	We will review the governance, risk management and control measures in place for this vital systems improvement project.	June 2023	

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Education Workforce Planning	We will review the policy, processes and procedures in place to develop workforce planning for Education.	February 2023	
Risk Management	We will select a sample of High risks from both the Council's Corporate Risk Register and service area Risk Registers and will review the adequacy and effectiveness of the risk control measures in place.	June 2023	
Scottish Housing Regulator (SHR) Annual Assurance Statement	Work required to provide assurance on the regulatory requirements set out in the Scottish Housing Regulator's Chapter 3 of the Regulatory Framework.	September 2022	Completed
Review of Performance Indicators	Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators.	September 2022	Completed

