

## Completed 2021/22 Internal Audit Activity up to August 2021

### Summary of Consulting Activity, Grant Certification and/or Support Delivered where no Opinions are provided

#### Service Area: Resources

#### Audit Activity: Lost Sales, Fees and Charges Grant Claim - Three

##### Background

Covid 19 has impacted councils' ability to generate revenues in several service areas as a result of lockdown, government restrictions and social distancing measures. This new, one-off income loss scheme compensates councils for irrecoverable and unavoidable losses from sales, fees and charges generated in the delivery of services in the financial year 2020/21.

The scheme involves a 5% deductible rate, whereby councils absorb losses on 5% of their planned 2020/21 sales, fees and charges. The government will then compensate them for 75 pence in every pound of relevant loss thereafter. The grant scheme is co-ordinated by the Ministry of Housing, Communities and Local Government (MHCLG) and is submitted via three claims each covering four consecutive calendar months.

The scheme also requires a reconciliation process to be completed by the Council after the submission of the third claim. This process is due to account for losses claimed for in the early part of the scheme that may ultimately be recoverable, and others that might ultimately be irrecoverable when recoverability was originally considered possible. The reconciliation process has not taken place to date (August 2021) and the Council await further MHCLG guidance on the area.

##### Scope

To review the grant submission and supporting documentation for the period December 2020 to March 2021, with the objective of assessing compliance with the MHCLG guidance.

##### Key Findings

The grant claim for December 2020 to March 2021 totalled £475,838. The claim and supporting documentation were reviewed, and it was confirmed that:

- I. All 2020/21 budget financial values for service income had been correctly recorded on the grant claim as documented in the Council's Financial Management System;
- II. The net losses for the grant period matched to the information within the Council's Financial Management System and had been calculated correctly in accordance with the MHCLG guidance;

- III. The parameters set out in the formula for the scheme have been correctly applied to the applicable losses claimed for in this period;
- IV. A reconciliation of the sales, fees and charges claimed for the financial year 2020/21 was correctly performed and appropriate amendments made to the December 2020 to March 2021 claim;
- V. The December 2020 to March 2021 grant claim was reviewed and approved / certified by the Strategic Director of Resources on 28<sup>th</sup> May 2021 as accurate, reasonable and made in accordance with the MHCLG guidance stated principles. The grant claim was submitted to MHCLG the same day; and
- VI. The first (April to July 2020) and second (August to November 2020) grant claims totalling £845,963 have been paid by MHCLG to the Council. MHCLG payment of the third grant claim is due in September 2021.

### **Conclusion**

Internal Audit can confirm that the Lost Sales, Fees and Charges grant claim for the period December 2020 to March 2021 complied with the guidance issued by MHCLG.

### **Management Actions**

No management actions required specific to claim three.

## **Service Area: Resources**

### **Audit Activity: ICT Service Desk**

#### **Background**

Stroud District Council are in the process of implementing a new service desk solution, one element of the ongoing overarching ICT Infrastructure Project. The ICT Service Desk is a key element of service operation, providing a single central point of contact for all ICT service users. Service desk staff execute incident management and request fulfilment processes to restore normal operations or to manage requested changes. Service desks manage both incidents and routine requests.

#### **Scope**

The review assessed the processes and controls to manage the ICT Service Desk against the Information Technology Infrastructure Library (ITIL) framework.

It was recognised that the new service desk solution had been recently introduced at the time of the review therefore both the current functionality and future planned developments were considered. Due to this confirmed position, the review was undertaken as a consultancy review with a goal to provide advice and guidance.

## Key Findings

The service desk go live date was 11<sup>th</sup> February 2021.

The Service Fresh service desk solution is supported by Freshservice. Regular meetings are held between nominated Council and Freshservice senior officers to review helpdesk performance, product adoption and the achievement of goals (including identified shared goals).

The functionality of the service desk is still being developed with specific areas (Incident Management, Hardware and Access Request Fulfilment, Problem Management and Change Management being) confirmed as fully operational. The asset management functionality of the service desk solution was in development at the point of ARA review.

Service desk requests are categorised using the ITIL service desk process categorisations, although a number of these had been aggregated as Service Requests rather than being separately identified and reported.

An assessment process is in place for all service desk requests that includes:

- I. Categorisation of the request (hardware, software or connectivity);
- II. Request prioritisation; and
- III. Responsible Accountable Consulted Informed (RACI) assessment. The RACI assessment identifies the person responsible for the task, the person accountable for the task, anyone who needs consulting and stakeholders that need to be informed.

A draft service level agreement (SLA) has been prepared and this needs to be completed and released to the Council to ensure that service desk users are aware of the target response and resolution times that they can expect their service desk request to be addressed within. The SLA includes targets for response times and resolution times by priority and request type. Request originators receive an automated response advising them that their request has been received and are advised when their request has been resolved.

The service desk has received 2,423 requests since the launch date with 2,275 of these (93.9%) having been resolved with only 148 requests (6.1%) unresolved at the time of the ARA review.

The monthly performance reviews undertaken with Freshservice include a review of the average resolution time taken for service requests and service incidents by priority and Agent Group. The Agent Group is the ICT Team resolving the request. This performance reporting does not include the time taken to respond to a request, only the resolution time, and does not report performance against the service targets detailed within the SLA. Once the SLA has been finalised and released, performance reporting will need to be against the detailed performance targets detailed within the SLA.

Customer satisfaction with the service desk during the first six months of operation has been very high with 97% of users being satisfied with the performance and only one user assessing the service desk performance as poor.

## **Conclusion**

ARA review has confirmed that the ICT Service Desk processes and controls in place comply with the ITIL best practice guidance for service desk operation. It is noted that a number of the separate ITIL defined processes have been aggregated within the Service Request category.

Six Medium priority recommendations have been made to support the continued ICT Service Desk positive direction of travel and strengthen the internal controls in place:

- I. To complete and release the draft SLA;
- II. To implement performance reporting against the SLA targets;
- III. To review those incident requests currently recorded as 'problem' so that these can either be closed or linked to other open requests. For example, where they relate to multiple service desk requests relating to the same incident;
- IV. To analyse service requests where response and resolution times have been significantly outside of targets to identify the root causes for the delays;
- V. To widen the service catalogue to enable identification and reporting of service desk requests by ITIL categories; and
- VI. To establish the service desk performance to the first six months of operation, for use as a baseline for future performance comparison.

## **Management Actions**

Management have responded positively to the recommendations made.

## Summary of Special Investigations/Counter Fraud Activities

### Current Status

The Counter Fraud Team (CFT) within Internal Audit has received two referrals in 2021/22 to date. In addition, the CFT continues to work on one case brought forward from last year (Covid 19 grant related). All cases remain under review and will be reported to the Audit and Standards Committee on their completion.

Any fraud alerts received by Internal Audit from the National Anti-Fraud Network (NAFN) and other credible entities are passed onto the relevant service areas within the Council, to alert staff to the potential fraud.

Since the start of the Covid 19 pandemic ARA has provided the Council with regular updates on local and national scams which sought to take advantage of the unprecedented circumstances, including a rise in bank mandate frauds, inflated claims, duplicate payments and the submission of fraudulent Covid 19 grant applications. This area of activity continues, with updates provided to the Council where relevant.

### National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data matches in respect of the 2021/22 exercise were released in mid January 2021 and the matches are now available for review.

The timetable can be found using the following link [GOV.UK](https://www.gov.uk).

Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are always investigated but where possible, all recommended matches are reviewed by either Internal Audit, the appropriate service area within the Council or by procuring the services of the Counter Fraud Unit (CFU).

ARA has been advised that the CFU have been employed to undertake some of the match reviews on behalf of the Council. The CFU findings will be separately reported to the Audit and Standards Committee.