

**Committee Name and Date of Committee Meeting**

Audit Committee – 14<sup>th</sup> March 2023.

**Title**

Internal Audit Progress Report for the period 1<sup>st</sup> December 2022 to 31<sup>st</sup> January 2023.

**Is this a Key Decision and has it been included on the Forward Plan?**

No.

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director, Finance and Customer Services.

**Report Author(s)**

David Webster, Head of Internal Audit

Tel: 01709 823282 Email: david.webster@rotherham.gov.uk

**Ward(s) Affected**

All wards.

**Report Summary**

This Progress Report provides the committee with an up to date position on the Internal Audit Plan, a summary of Internal Audit work completed during the period 1<sup>st</sup> December 2022 to 31<sup>st</sup> January 2023 and the key issues that have arisen from it, and the status of actions arising from audits. It also provides information regarding the performance of the Internal Audit function during the period.

**Recommendations**

The Audit Committee is asked to:

- 1) Note the Internal Audit work undertaken since the last Audit Committee, 1<sup>st</sup> December 2022 to 31<sup>st</sup> January 2023, and the key issues that have arisen from it.
- 2) Note the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of their performance.

**List of Appendices Included**

Appendix A – Internal Audit Plan 2022/23

Appendix B – Additions to the Audit Plan

Appendix B – Summary of work completed since the last meeting

Appendix C – Internal Audit Performance Indicators

**Background Papers**

Public Sector Internal Audit Standards and Associated Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**  
No.

**Council Approval Required**  
No.

**Exempt from the Press and Public**  
No.

# Internal Audit Progress Report for the period 1<sup>st</sup> December 2022 to 31<sup>st</sup> January 2023

## 1. Background

- 1.1 CIPFA guidance for Audit Committees in Local Authorities gives the Audit Committee a clear role in supporting the effectiveness of the internal audit process. This role is reflected in the Terms of Reference of the committee. To fulfil this role the committee receives updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work. In addition, it receives information on performance relative to the audit plan.
- 1.2 Public Sector Internal Audit Standards require that the Head of Internal Audit reports periodically to the Audit Committee. This is reflected in the Audit Charter which provides for Progress Reports to be presented to the Audit Committee regarding the audit plan and progress against it; resource requirements; the results of audit activities; the tracking of audit recommendations; and the performance of the audit team.
- 1.3 This report includes the position up to the end of January 2023 on the completion of the annual plan for 2022/23, the reports finalised in December 2022 and January 2023 and performance indicators for the team.

## 2. Key Issues

### 2.1 Internal Audit Annual Plan

Internal Audit produced a risk based Annual Audit Plan for 2022/23 and presented it to the Audit Committee at its meeting on 15<sup>th</sup> March 2022. An updated plan after a half-year review was presented to the Audit Committee in November 2022. The current position with regards to the revised plan is given in **Appendix A**. As a result of planning meetings with Directorate Leadership Teams five audits have been added to the plan. In terms of overall time, this was partly managed by the allocation of contingency time. However, it does mean some other audits will be delayed. In the year to date the department has delivered 802 days of productive work, showing it is on target for the year as a whole.

### 2.2 Audit Work Undertaken During the Period

Internal Audit provides an opinion on the control environment for all systems or services which are subject to audit review. These are taken into consideration when forming our overall annual opinion on the Council's control environment. There are four possible levels of assurance for any area under examination, these being "Substantial Assurance", "Reasonable Assurance" "Partial Assurance" and "No Assurance". Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix C**. Eight audits have been finalised since the last Audit Committee, all with Substantial or Reasonable Assurance.

- 2.3 In addition to the planned audit assurance work, Internal Audit also carries out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There have been no investigation reports issued since the last committee meeting.

## 2.4 Internal Audit Performance Indicators

Internal Audit's performance against a number of indicators is summarised in **Appendix D**. All targets were met.

## 2.5 Management Response to Audit Reports

Following the completion of audit work, draft reports are sent to or discussed with the responsible managers to obtain their agreement to the report and commitment to the implementation of recommendations. This results in the production of agreed action plans, containing details of implementation dates and the officers responsible for delivery. Draft reports are copied to the relevant Head of Service and Assistant Director and final reports are also sent to the Strategic Director.

Confirmation of implementation of audit recommendations is sought from service managers when the implementation date is reached. This is automated, with alerts being sent out a week before the due date to the Responsible Manager and Head of Service, and overdue alerts sent out weekly, copied into the Assistant and Strategic Director. Managers should enter the system and provide an update on the action – either implemented or deferred.

Summary reports of outstanding actions are produced monthly and distributed to Strategic Directors. At the present time there are seven actions that have been deferred from their original due dates. The position will be monitored and any issues reported.

## 3. Options considered and recommended proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides a summary of Internal Audit work completed and the key issues arising from it for the period from 1<sup>st</sup> December 2022 to 31<sup>st</sup> January 2023 and information about the performance of the Internal Audit function during this period.

## 4. Consultation on proposal

- 4.1 The Internal Audit plan was produced after consultation with management teams. All Internal Audit reports referred to in this report have been discussed and agreed with management in the respective service areas.

## 5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its 14<sup>th</sup> March 2023 meeting.

## 6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

## **7. Legal Advice and Implications**

- 7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

*“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”*

- 7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

*“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”*

## **8. Human Resources Advice and Implications**

- 8.1 There are no direct Human Resources implications arising from this report.

## **9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 This document includes a report of progress against delivery of the Internal Audit Plan. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People’s Services and Adult Social Care.

## **10. Equalities and Human Rights Advice and Implications**

- 10.1 There are no direct Equalities and Human Rights Implications arising from this report.

## **11. Implications for CO2 Emissions and Climate Change**

- 11.1 There are no direct CO2 and Climate Change implications arising from the report.

## **12. Implications for Partners**

- 12.1 Internal Audit is an integral part of the Council’s Governance Framework, which is wholly related to the achievement of the Council’s objectives, including those set out in the Council Plan.

## **13. Risks and Mitigation**

- 13.1 An effective Internal Audit Department helps to minimise the Council’s exposure to risk.

## **14. Accountable Officer**

David Webster, Head of Internal Audit.

Tel 01709 823282 E mail david.webster@rotherham.gov.uk

## Internal Audit Plan 2022-2023

<b>Assistant Chief Executive</b>					
<b>Audit</b>	<b>Risk Register and Rating</b>	<b>Audit Classification</b>	<b>Auditable Area</b>	<b>Number of days</b>	<b>Planned Quarter</b>
Payroll	ACX20	Systems Based	Provide assurance on key processes for carrying out reconciliations and error resolution and prevention.	20	4
Big Hearts Big Changes (BHBC)	ACX23	Risk Based	Provide assurance on the governance arrangements to ensure the effective delivery of the BHBC programme.	15	WIP
Council Plan	ACX27	Risk Based	Provide assurance on the governance arrangements and that performance measures are being accurately reported.	20	4
Agency Staff / Relief Workers		Risk Based	Provide assurance on the effectiveness of governance arrangements to ensure agency/relief staff are being sourced in accordance with approved contract(s).	15	DRAFT
Use of Volunteers		Risk Based	Provide assurance that the process for managing volunteers is robust and that access to information and the use of personal data is GDPR compliant.	10	FINAL
Leavers		Follow-up	Carry out a Follow-up of the Jan 2022 Audit (partial assurance)	5	FINAL
Complaints		Risk Based	Provide assurance on the effectiveness of the complaints procedure	10	FINAL
<b>Total planned days – Assistant Chief Executive</b>				<b>95</b>	

## **ADULT CARE HOUSING AND PUBLIC HEALTH**

<b>Audit</b>	<b>Risk Register and Rating</b>	<b>Audit Classification</b>	<b>Auditable Area</b>	<b>Number of days</b>	<b>Planned Quarter</b>
Public Health	ACHPH R7 (PH R5)	Risk Based	Management request for a further review of additional Elements of the What Good Looks Like (WGLL) programme.	10	FINAL
Health & Safety Legislation and Corporate Responsibilities for Council Homes.	ACHPH R9 Housing RR No.1	Risk Based.	Management request for a review to be carried out when changes to Social Housing Regulations framework have been finalised. The audit will revisit the Council's compliance with Health and Safety regulations.	10	WIP
Assistive Technology	ACHPH R11 & 12)	Risk Based	Review of Assistive Technology procedures; including approval pathway for purchasing new equipment; decision making for specialist equipment and compliance with contractual / procurement processes.	15	DEF
Health Funded Clients	ACI R1	Risk Based	Review the Council's use of the RAFT tool in determining client's assessment of their level of health need, and subsequent level of health funding for their needs.	10	FINAL
Housing Disrepair Claims	Operational Risk	Risk Based	Provide assurance on the controls in place to reduce the number of Disrepair claims logged with the Council and deal with those received.	10	FINAL
Housing Management System		Risk Based	Review and provide assurance on the adequacy of the new housing management system.	15	WIP
Care Provision Deferred Payment Agreements & Unpaid Debt.		Risk Based	Review of compliance with procedures for deferring payment for care provision and recovery of unpaid debt.	10	FINAL
Transition from Children's Care to Adult Care		Risk Based	Review progress in implementing the Ofsted action plan and provide an assurance on the processes taken to address the weaknesses highlighted within the action plan.	20	4
Rothercare		Follow Up	Follow up of 2021-2022 audit review reporting a partial assurance level.	5	DEF
Homes England Follow up		Follow Up	Follow up of 2021-22 audit review	5	FINAL

Actions from LGSCO Report		Follow Up	Review of actions arising from the LGSCO Report	5	FINAL
<b>Total Planned Days – Adult Care and Housing</b>				<b>115</b>	

<b>CHILDREN AND YOUNG PEOPLES SERVICE</b>					
<b>Audit</b>	<b>Risk Register and Rating</b>	<b>Audit Classification</b>	<b>Auditable Area</b>	<b>Number of days</b>	<b>Planned Quarter</b>
Commissioning Services	CPQ43	Risk Based	Review of commissioning policies in place to support safeguarding of children and young people; health and safety and Governance, which need to be in place by all contract holders. Assurance would assist Commissioning develop their quality assurance framework.	10	WIP
Direct Payments	CPQ44	Risk Based	Review the procedures for making direct payments to personal budget holders and provide an assurance on the quality of annual audits carried out on individual client's accounts.	15	FINAL
Schools CRSA		Risk Based	Conduct the annual school's Control and Risk Self-Assessment to form the basis for school visits.	10	FINAL
Schools Themed Audits		Risk Based	Sample visits to schools, based on the results of the self-assessment.	20	4
Joint Funding of Care Packages		Risk Based	Review of the new Joint Funding strategy and provide a level of assurance on compliance with the new strategy.	15	DRAFT
Commissioning		Follow Up	Follow up audit of commissioning of emergency provision supplier.	5	WIP
Special Education Needs and Disability (SEND).	CYPS03 ES16	Risk Based	Review progress in implementing the Ofsted action plan and provide an assurance on the processes taken to address the weaknesses highlighted within the action plan.	15	WIP
Youth Offending		Risk Based	Review of progress after HMIP review and peer review	10	WIP
<b>Total Planned Days - Children and Young People's Services</b>				<b>100</b>	

## **FINANCE AND CUSTOMER SERVICES**

### **Finance**

<b>Audit</b>	<b>Risk Register and Rating</b>	<b>Audit Classification</b>	<b>Auditable Area</b>	<b>Number of days</b>	<b>Planned Quarter</b>
NNDR	FCS2	Systems Based	Fundamental System. Review of new processes in respect of NNDR reliefs to provide a level of assurance of compliance with these.	10	4
Council Tax Support	FCS10	Systems Based	Review of changes in Council Tax Support System and provide a level of assurance of compliance with these.	10	WIP
Procurement Governance	Operational Risk.	Risk Based	Review procurement procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	30	WIP
Social Values	Operational Risk	Risk Based	Review of compliance with Social Value policy requirements for procurement and provide assurances that controls are in place to ensure the policy is embedded by contract managers.	15	WIP
Debtors		Systems Based	Review debtors procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	30	WIP
Treasury Management		Risk Based	Review of Treasury Management Strategy to ensure compliance with recent changes.	10	FINAL
Covid Grants		Risk Based	Further reviews of new Covid Grant Schemes, including the Council's use of the Spotlight tool.	15	FINAL
Energy Crisis Grants		Risk Based	Review of the new Energy Crisis Grant scheme.	10	4
Free School Meals		Risk Based	Review of the controls around the use of vouchers during school holidays	10	4

### **Customer Information & Digital Services**

3 <sup>rd</sup> Party Supplier Access Management	Salford risk assessment	Risk Based	Provide assurance on the effectiveness of policies & procedures to allow/remove access for 3rd parties.	10	FINAL
Back-up Management	Salford risk assessment	Risk Based	Provide assurance that IT 'back-up' arrangements are operating effectively, e.g. servers, 365.	10	WIP
Blue Badge Scheme		Risk Based	Provide assurance on effectiveness and application of policy and procedures.	10	FINAL
Hardware Asset Management		Follow-up	Follow-up of 21/22 Audit (partial assurance)	5	WIP

Customer Digital Programme		Advisory	Audit contribution to projects designed to increase efficiency.	20	
Hosted & Cloud-based systems	Operational Risk	Risk Based	Provide assurance on the IG policies & procedures for cloud-based storage platforms, including recovery, protection & security arrangements.	10	WIP
Phishing Risk Management	Salford risk assessment	Risk Based	Provide assurance on the effectiveness of the management of the risk of phishing attacks.	10	DRAFT
<b><u>Legal Services</u></b>					
Housing Disrepair		Risk Based	Review of procedures for handling claims in respect of Housing Disrepair within Legal Services.	10	FINAL
Registrars		Risk Based	Review of processes and controls after external inspection	15	WIP
Right to Buy		Risk Based	Review of processes and timelines to complete a sale	10	4
<b>Total Planned Days – Finance and Customer Services</b>				<b>250</b>	

<b><u>Regeneration and Environment</u></b>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Licensing	R&E1 (CSS8)	Risk Based	Review and provide assurance on the implementation of actions arising from the Local Government Association's review of Licensing.	15	DRAFT
Waste	CSS13	Risk Based	Scope to be confirmed / agreed.	20	4
Health & Safety Policy	CSS24	Risk Based	Review of policies / procedures in place to ensure compliance with statutory requirements / Health and Safety at Work Act.	10	FINAL
Drainage	CSS35 / 36	Risk Based	Provide assurance on the arrangements in place to maintain the safety of the highway network from surface water & flooding.	10	FINAL

Museum Collections	CST11	Risk Based	Review arrangements for the control, management and security of valuable collections to protect them from loss or damage.	10	DRAFT
Planning Decisions	PRT4	Risk Based	Provide assurance on consultations for planning applications.	15	DRAFT
Cash collection and income		Risk Based	Review the arrangements for the collection, monitoring, reconciliation of cash and other forms of income from various establishments.	20	4
Estate Management		Risk Based	Review Health & Safety arrangements in management of the property estate relating to LEA Schools and Neighbourhoods properties.	15	FINAL
S278 Agreements		Risk Based	Provide assurance on the proper execution of Section 278 Agreements.	10	DRAFT
Tree Management		Risk Based	Provide assurance on the arrangements in place, to ensure the safe and effective management of the Council's urban trees and woodlands.	20	DRAFT
Property Estate Management Follow Up		Follow Up	Follow Up of Partial Assurance audit.	5	FINAL
Enforcement (Food and Feed) Follow Up		Follow Up	Follow Up of Partial Assurance audit.	5	4
Building Security Follow Up		Follow Up	Follow Up of Partial Assurance audit.	5	WIP
<b>Total Planned Days – Regeneration and Environment</b>				<b>160</b>	

<b><u>OTHER</u></b>	<b>Provision</b>	<b>Used</b>
Grants	100	89
Provision for investigations	75	24
Pro-active fraud	25	23
Contingency	30	30
Software development	30	9
<b>Other Work Total</b>	<b>260</b>	
<b>Overall Plan Total</b>	<b>980</b>	

### **Audits added to the plan for 2022-23**

ACX – Communications. Review of media protocol, checks and balances for enquiries. To be started before the current Head of Communications leaves in March.

ACHPH – Waiting Lists. Review of mechanisms in place for dealing with waiting lists for assessments for care.

CYPS – Supporting Families. Review of new systems being developed to prepare for changes to government requirements.

FCS – Insurance. Review of the Insurance Service before changes in staffing.

## Summary of Audit Work Completed since the last meeting

Note:- Internal Audit uses an Executive Summary and reporting structure which gives four levels of overall assurance for areas under examination. Within each area audited an overall assurance opinion is assessed as being either “Substantial Assurance”, Reasonable Assurance”, “Partial Assurance” or “No Assurance”, taking into account the results of all the risks assessed.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
<b>Assistant Chief Executive</b>				
Complaints	To review the processes and procedures for dealing with complaints from the public.	5.1.23	Reasonable Assurance	Controls were generally in place. Recommendations were made around the timescales for dealing with complaints, and the completion of 'lessons learned' documentation.
Leavers Follow Up	To review the actions from the previous audit of Leavers.	17.1.23	Substantial Assurance	All actions had been completed, however one had subsequently been reversed in error. It was reinstated during the review.
Use of Volunteers	To review the processes for managing volunteers and ensuring compliance with GDPR requirements.	18.1.23	Reasonable Assurance	Controls were generally in place. Recommendations were made around the application of the Valuing Volunteers Policy and GDPR training.
<b>Adult Care, Housing and Public Health</b>				
Public Health – Health Protection	Review the arrangements for Health Protection with reference	15.12.22	Reasonable Assurance	Controls were generally in place. Recommendations were made to update the assurance framework and improve reporting.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
	to the Delivering Effective Local Public Health programme			
Housing Disrepair Claims	To review the controls in place to reduce the number of claims logged and deal with claims received.	23.12.22	Substantial Assurance	The review found that controls were in place. No recommendations were made.
Review of Actions from LGSCO Report	To review the progress of the actions in response to the Local Government Social Care Ombudsman Report.	17.1.23	Substantial Assurance	All actions had been completed or were ongoing.
<b>Finance and Customer Services</b>				
Housing Disrepair (Legal Services)	To review the Legal Services procedures for handling Housing Disrepair Claims.	23.12.22	Substantial Assurance	The review found that controls were in place. No recommendations were made.
<b>Regeneration and Environment</b>				
Property Estate Management Follow Up	To review the actions from the previous audit of Property Estate Management	1.12.22	Reasonable Assurance	All actions had been completed. However, further recommendations were made around quality assurance checks and updates to the Asset Management Board.

## Definitions

Rating	Definition
Substantial Assurance	<p>Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk.</p> <p>The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature (1 star) to further strengthen control arrangements.</p>
Reasonable Assurance	<p>Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at risk.</p> <p>There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium (2 star) priority.</p>
Partial Assurance	<p>Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at risk in a significant proportion of the areas reviewed.</p> <p>There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority (3 star) and medium priority (2 star) matters.</p>
No Assurance	<p>Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable level of risk.</p> <p>There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority (3 star) matters and may also include medium priority (2 star) matters.</p>

## Internal Audit Performance Indicators

Performance Indicator	Target	Apr to May 2022	Jun to Aug 2022	Sept to Oct 2022	Nov 2022	Dec 2022 and Jan 2023
Draft reports issued within 15 working days of field work being completed.	90%	91%	82%	100%	100%	100%
Chargeable Time / Available Time.	80%	80%	86%	80%	83%	84%
Audits completed within planned time	90%	91%	91%	100%	100%	100%
Client Satisfaction Survey.	100%	100%	100%	100%	100%	100%

## Comments received in the Client Satisfaction Surveys

Two surveys received in the month.

**Good**

'The processes were thoroughly checked and gave reassurance that the audit was comprehensive.'

'The auditor listened to my concerns and was able to use this within the report to make sure all issues were addressed. She took the time to introduce herself to all the team and put them at ease regarding the process.'

**Improvement needed**

None.