

Committee Name and Date of Committee Meeting

Audit Committee – 9th January 2023.

Title

Internal Audit Progress Report for the period 1st November 2023 to 30th November 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)

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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 1st November 2023 to 30th November 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, 1st November 2023 to 30th November 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 2023/24

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 1st November 2023 to 30th November 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 November 2023 on the completion of the annual plan for 2023/24, the reports finalised in November 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 2023/24 and presented it to the Audit Committee at its meeting on 14th March 2023. A revised plan was presented at the July meeting. The plan has been amended following discussions with DLT colleagues to ensure it remains relevant and is focused on current risks. The revised plan provides sufficient coverage for the Head of Internal Audit to provide their annual opinion at the end of the year and will be kept under review during the remainder of the year. The plan is attached, showing the position at the end of November 2023. In the year to date the department has delivered 688 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 B**. Four audits have been finalised since the last Audit Committee.

- 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 C**. One audit report was issued outside of the target time and available productive time was affected by staff training and sickness.

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 ten actions that have been deferred from their original due dates, nine of which relate to Rothercare where the service is working on a new business operating model.

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 1st November 2023 to 30th November 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 9th January 2024 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

Louise Ivens, Head of Internal Audit.

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Appendix A

Internal Audit Plan 2023/24 Revised November 2023

<u>CORPORATE</u>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Contract Management		Risk Based	A review of the tracking and management of contract delivery by contract managers, to provide assurance on how outcomes and outputs are tracked.	15	2
Total planned days – Corporate				15	

<u>ASSISTANT CHIEF EXECUTIVE</u>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Payroll 22/23	ACX20	Systems Based	Provide assurance on key processes for carrying out reconciliations and error resolution and prevention.	5	FINAL
Big Hearts Big Changes (BHBC)	ACX23	Risk Based	Provide assurance on the governance arrangements to ensure the effective delivery of the BHBC programme.	9	FINAL
Council Plan	ACX27	Risk Based	Provide assurance on the governance arrangements and that performance measures are being accurately reported.	7	FINAL
Payroll 23/24	ACX20	Systems Based	Annual review of payroll as a fundamental system.	20	4

Workforce Plan	ACX32	Risk Based	Review of the impact of the Workforce Plan on the workforce. Deferred to the 2024/25 Audit Plan to allow time for the revised OD structure to bed in and for the AD HR to be in place.	(10)	
Establishment Control		Risk Based	Review of the management of vacancies and their disestablishment, and the match between HR and Finance establishments.	15	3
Risk Management		Risk Based	Review of the effectiveness of Risk Management.	15	4
Annual Governance Statement		Risk Based	Review of the process for the production of the AGS, after changes introduced in 2023. The AGS has been finalised and approved. To consider whether this audit is required as part of the 2024/25 audit planning process.	(10)	
Declarations of Interest		Risk Based	Review of officers' Declarations of Interest, after the introduction of new procedure.	10	FINAL
Total planned days – Assistant Chief Executive				81	

ADULT CARE HOUSING AND PUBLIC HEALTH

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Housing Management System		Risk Based	Review and provide assurance on the adequacy of the new housing management system.	1	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.	9	DRAFT
Waiting Lists		Risk Based	Management request – addition to the plan. Review of mechanisms in place for dealing with waiting lists for assessments for care.	1	FINAL
Liberty Protection Safeguards.	ACHPH R3 (ACI R5)	Risk Based	Provide an assurance on the Council's readiness to transfer to the new Liberty Protection Safeguards regulations.	20	DRAFT
Health & Safety Legislation and Corporate Responsibilities for Council Homes.	ACHPH R9 (H-R12)	Risk Based	To review compliance with Health and Safety regulations with regard to smoke and carbon monoxide alarms.	10	4
Housing and Estates – Anti Social Behaviour	H – R10	Risk Based	Review of current procedures and to ensure compliance with legislation.	10	DRAFT
Housing and Estates – Management of Estate Environment	H – R11	Risk Based	Review of procedures in place to ensure effective management of the estate environment.	10	2
Local Government Ombudsman's Reports		Risk Based	Management request to examine Ombudsman's report for the last two years and report on how the Council responded to any findings and if any lessons learned were acted upon.	15	4
LGA Peer review			Change in scope to review the robustness of the response to the findings of the LGA peer review and action plan.		
Public Health		Risk Based	Review of drug and alcohol working partnerships including needs assessments and plans.	(15)	

			To remove from the plan no longer required.		
Health Funded Clients		Follow Up	Follow up of Partial Assurance audit in 2022/23	5	WIP
Housing Rents		Risk Based	Change in scope to review compliance against the 2023 Rent Standard.	10	4
Homes England		Risk Based	Review of grant funding drawdowns after new processes have been implemented.	5	WIP
Total Planned Days – Adult Care and Housing				96	

CHILDREN AND YOUNG PEOPLES SERVICE

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
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.	5	WIP
Youth Offending		Risk Based	Review of progress after HMIP review and peer review	1	FINAL
Supporting Families		Risk Based	Management request – addition to the plan. Review of new systems being developed to prepare for changes to government requirements.	9	Ongoing advice
Early Help Provision	ES6	Risk Based	Consider the recently published independent review of children’s social care report and where areas of concern could be applicable to RMBC. Review to also consider Universal and targeted help.	15	4

Social; Emotional and Mental Health Needs (SEMH)	ES17	Risk Based	Scope of the audit to be finalised with CYPS, based upon Local Area Provision and inclusion pathways.	15	WIP
Safeguarding	SCF3	Risk Based	Review of procedures for placing 16+ children with external provider regulated accommodation	10	WIP
Unaccompanied Asylum-Seeking Children (UASC)	SCF6	Risk Based	Review of procedures for age assessments of UASC.	10	DRAFT
Special Education Needs and Disability (SEND)	CYPS03	Risk Based	Review of Education, Health and Care Plans (EHCP) across all the domains, including Health and Social Care Partners.	20	WIP
Schools CRSA		Risk Based	Conduct the annual school's Control and Risk Self-Assessment to form the basis for school visits.	10	WIP
Schools Themed Audits		Risk Based	Sample visits to schools, based on the results of the self-assessment.	20	4
Total Planned Days - Children and Young People's Services				115	

FINANCE AND CUSTOMER SERVICES

Finance

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
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.	1	FINAL

Procurement Governance	Operational Risk.	Risk Based	Review procurement procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	8	WIP
Debtors		Systems Based	Review debtors procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	2	FINAL
Rebate Scheme		System Based	To review the processes used to pay the one-off Council Tax Energy rebate payment to RMBC residents	1	FINAL
Council Tax		Systems Based	Fundamental System. Scope of the audit to be agreed with Assistant Director Finance, to include core systems not currently being externally stored.	10	4
Contract Renewals and Expiry		Systems Based	Review of Directorate compliance with procedures for planning for renewing contracts, in line with Cabinet Office Best Practice.	20	WIP
Creditors		Systems Based	Fundamental System. Audit resources to examine procedures regarding move towards “faster payments”, scope to be finalised with the Assistant Director Finance.	10	4
Capital Programme		Systems Based	Review the updated capital procedures and provide assurance that they are being complied with and that expenditure is appropriately approved, controlled and monitored.	15	WIP
<u>Customer Information & Digital Services</u>					
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.	1	FINAL
Application Management	Salford Risk Assessment	Risk Based	Review of controls around access control, system availability. Specific applications to be agreed.	10	4
PCI/DSS	Salford Risk Assessment	Risk Based	Technical audit to be carried out by Salford IAS	10	WIP

Customer Digital Programme			Audit contribution to projects designed to increase efficiency.	20	Ongoing advice
<u>Legal Services</u>					
Registrars		Risk Based	Review of processes and controls after external inspection	15	FINAL
Litigation Service		Risk Based	Review of the legal support provided to Adult Care and Child Protection. To defer to 2024/25 due to restructure of the Adult Care part of the service.	(20)	
Land Terrier		Risk Based	Review of the registration of Council land	10	3
Governance		Risk Based	Review of the operation of processes around decision-making within the Council.	15	4
Asset Management					
Asset Management - Estimates and Capital Programme		Management Request – From Contingency	To provide assurance on the accuracy of valuations, calculated as estimates for capital schemes that are to be included on the Capital Programme, to ensure that final costs do not excessively exceed the original estimates.	15	WIP
Asset Management – Health and Safety Compliance		Management Request – From Contingency	Review key aspects of statutory compliance within the Council's operational property estate managed by Facilities Management.	10	4
Asset Management - Acquisitions		Management Request – From Contingency	Provide assurance on the end to end management of properties once acquired by the Council.	15	4

Total Planned Days – Finance and Customer Services and Asset Management

193

REGENERATION AND ENVIRONMENT

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Waste	CSS13	RISK BASED	To provide assurance on the efficient and effective management of waste collection data, reporting and invoicing.	17	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.	13	WIP
Building Security Follow Up		FOLLOW UP	Follow Up of Partial Assurance audit.	1	FINAL
Home to School Transport	R&E 8 & CST 15	RISK BASED	Provide assurance on the effectiveness of the Home to School Transport service. To be deferred until 2024-25 due to capacity/resource pressures within the service.	(10)	
Vehicle Operators Licence	R&E39 & CSS44	RISK BASED	Review compliance with regulatory requirements	10	WIP
Fire Strategy	R&E25 & PRT38	RISK BASED	Provide assurance that RMBC as the corporate landlord has an effective fire strategy.	10	DRAFT
Building Control		RISK BASED	Provide assurance after changes in regulations around payments and inspection visits.	10	DRAFT

Trading Standards		RISK BASED	Review of the operation of Trading Standards.	15	WIP
Green Spaces		RISK BASED	Review over the Health and Safety controls around Green Spaces.	15	4
Tree Service follow-up	R&E52 & CST9	RISK BASED	Follow up of No Assurance audit in 2022/23	10	WIP
Museum Collections follow-up	CST11	RISK BASED	Follow up of Partial Assurance audit in 2022/23	5	FINAL
Hand Arm Vibration		RISK BASED	To review compliance with the Vibration at Work Guidance	10	FINAL
Hellaby Stores		RISK BASED	To assess the adequacy of the internal control arrangements surrounding the operation of the stores at Hellaby depot	10	FINAL
Total Planned Days – Regeneration and Environment				126	

<u>OTHER</u>	Provision	Used
Grants	100	48
Provision for investigations	150	60
Pro-active fraud	40	13
Contingency	60	34
Follow Up	20	9
Other Work Total	370	180
Overall Plan Total	1000	

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 issued	Overall Audit Opinion	Summary of Significant Issues
Assistant Chief Executive				
One Council (BHBC)	To provide assurance that the One Council (BHBC) overall programme objectives can be effectively monitored and accurately reported.	28.11.23	Reasonable	Controls were generally in place. Recommendations were raised regarding ensuring consistency in the level of scrutiny, value and engagement for all workstreams, (as the Climate Change Workstream has an internal as well as an external role), and that the risk appetite is formally assessed and documented for all parts of the One Council (BHBC) programme and is aligned to risk mitigation for risk ACX23.
Finance and Customer Services				
Registrars	To provide assurance that the registrars service is responding to and implementing the recommendations in the General Registration Office report. Confirm that the service is being delivered within the identified resources and charges are being implemented appropriately.	22.11.23	Substantial	Controls were in place. One recommendation was raised regarding undertaking a complete reconciliation to ensure all income due for ceremonies and certificates is received and to aid budget monitoring.

Audit Area	Assurance Objective	Final Report issued	Overall Audit Opinion	Summary of Significant Issues
Regeneration and Environment				
Museums Collection Follow Up	The audit was to provide assurance that the agreed actions from the previous Museum Collections audit were implemented.	9.11.23	Substantial	All recommendations had been implemented and no further recommendations were raised.
Kerbside Waste Collection Data	To provide assurance on the efficient and effective management of kerbside waste collection data, reporting and invoicing.	14.11.23	Substantial	Controls were in place. One recommendation was raised regarding the documentation of procedures to cover tasks and checks involved in the preparation of data for quarterly reporting to DEFRA.

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	April to June 2023	July to August 2023	Sept to October 2023	Nov 2023
Draft reports issued within 15 working days of field work being completed.	90%	80%	100%	89%	75%
Chargeable Time / Available Time.	80%	83%	75%	74%	71%
Audits completed within planned time	90%	90%	88%	83%	100%
Client Satisfaction Survey.	100%	100%	100%	100%	100%

Comments received in the Client Satisfaction Surveys

Two surveys were received during November.

Good

The auditor’s support throughout the review was extremely helpful to me as this was the first Internal Audit Review that I have been involved in as a HoS. She provided additional time to walk through each recommendation and provided additional clarity as needed.

It was conducted very professionally by the auditor and I was kept well informed throughout.

Suggested improvements

None identified.