

# Item 10

## Report of the Head of Internal Audit, Anti-Fraud and Assurance

### INTERNAL AUDIT PROGRESS REPORT

#### **1 Purpose of this report**

The purpose of this report is to provide a summary of the Internal Audit activity completed, and the key issues arising from it, for the period from 27<sup>th</sup> June 2022 to 30<sup>th</sup> October 2022.

#### **1 Background information**

- 2.1 The Audit and Governance Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements, including matters such as internal control and risk management. The reports issued by internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
- 2.2 At the end of the financial year, Internal Audit will produce an Annual Internal Audit Report, which will provide the overall opinion on the adequacy of the Council's control environment and compliance with it during the year.

#### **3 Recommendations**

- 3.1 It is recommended that the Audit and Governance Committee considers the assurances it needs on the effectiveness of the Authority's internal control, risk and governance arrangements through the work of Internal Audit by:-
  - i. considering the issues arising from completed Internal Audit work in the period along with the responses received from management;
  - ii. noting the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period;
  - iii. noting the progress against the Internal Audit plan for 2022/23 for the period.

#### **4 Local Area Implications**

- 4.1 There are no Local Area Implications arising from this report.

#### **5 Consultations**

- 5.1 All audit reports are discussed and agreed with the Audit Sponsor and Designated Operational Lead. Individual audit reports are provided to the appropriate Executive Director and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.

- 5.2 No specific consultation has been necessary in the preparation of this quarterly report.

## **6 Compatibility with European Convention on Human Rights**

- 6.1 In the conduct of audit work and investigations particularly, Internal Audit operates under the provisions of the Data Protection Act 2018, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

## **7 Reduction of Crime and Disorder**

- 7.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls are made. Additionally, Internal Audit ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

## **8 Risk Management Considerations**

- 8.1 The underlying purpose of the work of Internal Audit is to address and advise on key risks facing management and, as such, risk issues are inherent in the body of the report.
- 8.2 The Service's own risk register includes the following risks which are relevant to this report:
- Need to ensure ongoing compliance with public sector internal audit standards
  - Implementing a new structure for IA that provides the right level of skill, expertise and experience
  - Capacity issues - keeping up with the pace of change
- 8.3 All of these risks have been assessed and remain within the tolerance of the Service.
- 8.4 An essential element of the control (and on-going) management of these risks is the provision of update reports to the Audit Committee and the assurance this provides.

## **9 Employee Implications**

- 9.1 There are no employee implications arising from this report.

## **10 Financial Implications**

- 10.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function are included within the Authority's base budget.

## **11 Appendices**

Appendix 1 - Key To Internal Audit Assurance Gradings & Classification of Management Actions.

## **12 Background Papers**

12.1 Various Internal and External Audit reports, files and working papers.

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**Telephone No:** 07786 525319

**Date:** 4<sup>th</sup> November 2022

# **Barnsley Metropolitan Borough Council**

## **Internal Audit Progress Report**

**Audit and Governance Committee**

**16<sup>th</sup> November 2022**

## INTERNAL AUDIT PROGRESS REPORT 2020/21 27<sup>th</sup> June 2022 to 30<sup>th</sup> October 2022

### Purpose of this report

This report has been prepared to inform the Audit and Governance Committee on the Internal Audit activity for the period 27<sup>th</sup> June 2022 to 30<sup>th</sup> October 2022, bringing attention to matters that are relevant to the responsibilities of the Committee.

The report also provides information regarding the performance of the Internal Audit function during the period.

### 2022/23 Internal Audit Plan Progress

The following tables show the progress of the internal audit plan delivery, analysed by the number of plan assignments producing a report and audit days delivered by Directorate / Service.

#### Position as at 30<sup>th</sup> October 2022 – Audit Days Delivered

Directorate	Original 2022/23 Plan days	Revised 2022/23 Plan days	Actual days (% of revised days)
Place Health & ASC	48	50	21 (42%)
Childrens Services	63	65	42 (65%)
Core Services	402	380	132 (35%)
Council Wide	163	166	129 (78%)
Growth & Sustainability	179	199	97 (49%)
Public Health & Communities	28	29	20 (69%)
General Contingency	17	11	0
<b>Barnsley MBC</b>	<b>900*</b>	<b>900</b>	<b>441 (49%)</b>
Corporate Anti-Fraud Team	645	645	343 (53%)
<b>Barnsley MBC Internal Audit Total</b>	<b>1,545</b>	<b>1,545</b>	<b>784 (51%)</b>
Corporate Governance & Assurance	255	255	135 (53%)
HolA role as DPO	25	25	14 (56%)
Corporate Days (Council related activity)	315	315	170 (54%)
External Clients	<b>885</b>	<b>885</b>	<b>348 (40%)</b>
<b>Total Chargeable Planned Days</b>	<b>3,025</b>	<b>3,025</b>	<b>1,451 (48%)</b>

\* as reported at the Committee's June 2022 meeting, the Internal Audit plan is currently under resourced by circa 180 days. This will be proactively managed throughout the financial year with Senior Management to ensure that resources continue to be focussed on the strategic priority areas.

## Position as at 30<sup>th</sup> October 2022 – Plan Assignments

Directorate	2022/23 plan assignments	Assignments expected to be completed to date	Actual Assignments completed to Date	Actual assignments completed in Period
Place Health & ASC	0	0	0	0
Childrens Services	3	0	0	0
Core Services	16	1	1	1
Council Wide (Cross Cutting)	4	2	2	1
Growth & Sustainability	6	3	2	2
Public Health & Communities	2	1	1	0
<b>Total</b>	<b>31</b>	<b>7</b>	<b>6</b>	<b>4</b>

NB – formal audits resulting in a report only - excludes advisory, grants etc where no report required. The Place related review (Highways Governance and Financial arrangements) is at final draft report stage.

## Changes to the 2022/23 Internal Audit Plan

There have been 4 changes to the Internal Audit plan during this period. These are:-

New – Core Services: Housing Support Grant;

New – Childrens Services: Childrens Residential Homes (2);

New – Growth & Sustainability: Goldthorpe Town Centre Fund

Defer – Council Wide (Cross Cutting): Employees Performance and Development.

## Final Internal Audit reports issued

We have finalised 4 audit reports in the period. The following table provides a summary of assurances, where applicable, and the number and categorisation of agreed management actions included in the reports:

Directorate- Audit Assignment	Assurance Opinion	Number of Management Actions Agreed:			Total	Agreed
		High	Medium	Low		
Core Services: Annual Governance Review Process	Reasonable	0	3	0	3	3
Childrens / Core Services: SEND Safety Valve Programme (Advisory)	N/A	N/A	N/A	N/A	N/A	N/A
Growth & Sustainability – Active Travel	Reasonable	0	5	2	7	7
Growth & Sustainability – CRF Contract and Performance Management	Reasonable	0	3	2	5	5
<b>Total</b>		<b>0</b>	<b>11</b>	<b>4</b>	<b>15</b>	<b>15</b>

Please note that final audit reports are available to Audit Committee members on request.

## Internal Audit reports providing a limited or no assurance opinion

There were no audit reports issued during the period that had a limited assurance opinion.

## Details and outcome of other Internal Audit activities undertaken in the period not producing a specific assurance opinion

Audit Work Completed	Details	Contribution to Assurance
Adults: Social Care Funding Reforms Board Attendance and Digital Project Assurance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the Council can consider and then react/comply with the funding reform requirements.	The work contributes to assurance in respect to governance and financial management.
Adults: Integrated Care	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the Council can consider and then react/comply with the joint care provision requirements.	The work contributes to assurance in respect to governance and financial management.
Adults: Social Care Governance Action Plan	To provide advice, support and challenge to management during the review of various services (e.g. carers, transition from children to adults).	The work contributes to assurance in respect to governance and financial management.
Childrens Services: Supported Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.
Core / G&S: Glassworks Board Attendance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the phase two scheme can be delivered (i.e. on time, in budget & to standard).	The work contributes to assurance in respect to contract management, governance and financial management.
Core / G&S: SEAM Board Attendance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the programme can be delivered (i.e. on time, in budget & to standard).	The work contributes to assurance in respect to contract management, governance and financial management.
Core / G&S: Community Renewal Fund Board Attendance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the pilot scheme can be delivered (i.e. on time, in budget & to standard).	The work contributes to assurance in respect to contract management, governance and financial management.
Core: HR Policy	To provide advice, support and challenge to management during the review of corporate policies and procedures (including development of a policy framework).	The work contributes to assurance in respect to governance.
Core: SAP Success Factors	To continue to support the project throughout its design and implementation.	The work contributes to assurance in respect to contract management, governance and financial management.

<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Core: Housing Support Grant	To independently validate the claim to be submitted to the Funding Body.	The work contributes to assurance in respect of financial management.
G&S: Glassworks Future Management	To support management in completing a draft management assurance framework to assist in self assessing the current governance arrangements and identify areas for improvement.	The work contributes to assurance in respect to contract management, governance and financial management.
G&S: Assurance - Berneslai Homes	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist.	The work contributes to assurance in respect to governance and financial management.

### Other Internal Audit work undertaken

<b>Audit Activity</b>	<b>Description</b>
Follow-up of Agreed Management Actions	Regular work undertaken to follow-up agreed management actions made.
Attendance at Steering / Working Groups	Information Governance Board Smart Working Board
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding the review of the annual plan, progress of audit work, future planning and general client liaison.
Audit and Governance Committee Support	Time taken in the preparation of Audit Committee reports, Audit Committee Member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, service business continuity and health and safety.



## Work in progress

The following table provides a summary of audits in progress at the time of producing this report:

Directorate - Audit Assignment	Audit Stage		
	Audit Planning	Work in Progress	Draft Report
G&S – Highways Financial and Governance Arrangements			✓
Adults – Funding Reform (Advisory)		✓	
Adults – Integrated Care (Advisory)		✓	
Adults – ASC Governance Action Plan (Advisory)		✓	
Childrens – Childrens Residential Homes (2)		✓	
Childrens – Disabled Children Direct Payments		✓	
Core – HR Policy Framework/ People Strategy (Advisory)		✓	
Core / G&S – PRIP Contract (Advisory)		✓	
Core – Income		✓	
Core – Main Accounting		✓	
Core – Treasury Management		✓	
Core - Charity Accounts		✓	
Council Wide – Data Retention and Records Management		✓	
Council Wide – Strategic Risk, Concerns and Issues Management		✓	
DPO Assurance – DPIA Follow Up		✓	
G&S – Elsecar Heritage Trust		✓	
G&S – Glassworks Management Assurance Framework (Advisory)		✓	
G&S - Sustainable Warmth Grant		✓	
G&S - Social Housing Decarbonisation Fund Wave 1 Grant		✓	
PH - Information Governance - Suicide Related Cases		✓	
Childrens / Core – Childrens Placement Sufficiency Plan	✓		
Core – Purchase to Pay	✓		
Core – Council Tax	✓		
Core – Housing Benefits	✓		
Core – Payroll	✓		
Core – Fixed Assets	✓		
Core – Insurance Arrangements	✓		
Core - Programme/ Project Management - IT	✓		
Core - Governance Review - Constitution	✓		
DPO Assurance – Incident Management	✓		
DPO Assurance – Cybersecurity	✓		
G&S - Asset Management - Housing Stock	✓		
G&S – Goldthorpe Town Centre Fund	✓		

## Follow-up of Internal Audit report agreed management actions

As previously reported to the Committee, Internal Audit is working closely with management to monitor the general position with regards the implementation of management actions and to establish the reasons behind any delays. Internal Audit continues to issue a detailed monthly status update to Service Directors and to Executive Directors on a quarterly basis. This is in addition to the performance reports currently presented to SMT.

The following table shows the status of agreed management actions by Directorate where the original target implementation date was due for completion during the period:

Implication Categorisation	Followed Up in Period	Completed	Not yet completed – Revised date agreed	Not yet completed – Awaiting management update
<b>Place Health and ASC</b>				
High	0	0	0	0
Medium	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Growth &amp; Sustainability</b>				
High	0	0	0	0
Medium	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Childrens Services (excl. Maintained Schools)</b>				
High	0	0	0	0
Medium	4	4	0	0
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>
<b>Maintained Schools</b>				
High	0	0	0	0
Medium	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Core</b>				
High	1	1	0	0
Medium	15	10	5	0
<b>TOTAL</b>	<b>16</b>	<b>11</b>	<b>5</b>	<b>0</b>
<b>Public Health &amp; Communities</b>				
High	0	0	0	0
Medium	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OVERALL TOTAL</b>	<b>20</b>	<b>15</b>	<b>5</b>	<b>0</b>
<b>% of TOTAL</b>		<b>75</b>	<b>25</b>	<b>0</b>

## Internal Audit performance indicators and performance feedback for Quarter 2 - 2022/23

Internal Audit's performance against a number of indicators is summarised below.

Ref.	Indicator	Frequency of Report	Target 2022/23	This Period (Q2)	Year to Date
<b>1.</b>	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaires received noted "good" or "very good" relating to work concluding with an audit report.	Quarterly	95%	100%	100%
<b>2.</b>	<b><u>Business Process Perspective:</u></b>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	Quarterly	80%	100%	100%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	67%	69%
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	3.21 days	3.99 days
<b>3.</b>	<b><u>Continuous Improvement Perspective:</u></b>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
<b>4.</b>	<b><u>Financial Perspective:</u></b>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Yes	Yes

### Head of Internal Audit's Internal Control Assurance Opinion

The Head of Internal Audit, Corporate Anti-Fraud and Assurance must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Based on the audits reported in the period, an overall **reasonable** assurance opinion is considered to be appropriate.

A summary of our quarterly opinions for the year to date is as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Assurance Opinion	Reasonable	Reasonable		

Consideration of our overall opinion takes the following into account:

- results from the substantive audit assignments we have completed during the period;
- outcomes from our audit work not producing an assurance opinion;
- an assessment as to the timely implementation of internal audit report management actions.

#### Internal Audit, Anti-Fraud and Assurance Contacts

Contact	Title	Contact Details
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## KEY TO INTERNAL AUDIT ASSURANCE GRADINGS AND CLASSIFICATION OF MANAGEMENT ACTIONS

### 1. Classification of Management Actions

<b>High</b>	Requires immediate action – imperative to ensuring the objectives of the system under review are met.
<b>Medium</b>	Requiring action necessary to avoid exposure to a significant risk to the achievement of the objectives of the system under review.
<b>Low</b>	Action is advised to enhance control or improve operational efficiency.

### 2. Assurance Opinions

	Level	Control Adequacy	Control Application
<b>POSITIVE OPINIONS</b>	<b>Substantial</b>	Robust framework of controls exist that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	<b>Reasonable</b>	Sufficient framework of key controls exist that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
<b>NEGATIVE OPINIONS</b>	<b>Limited</b>	Risk exists of objectives not being achieved due to the absence of key controls in the system.	Significant breakdown in the application of key controls.
	<b>No</b>	Significant risk exists of objectives not being achieved due to the absence of controls in the system.	Fundamental breakdown in the application of all or most controls.