

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

AUDIT AND GOVERNANCE COMMITTEE – 26th JULY 2023

INTERNAL AUDIT INTERIM ANNUAL REPORT 2022-23

Executive Summary

- i. This report provides the Head of Internal Audit, Anti-Fraud and Assurance's interim annual opinion on the adequacy and effectiveness of the Authority's governance, risk management and internal control arrangements based on the work of Internal Audit for 2022-23 and has been prepared in accordance with the Public Sector Internal Audit Standards.
- ii. Considering the overall results of Internal Audit work undertaken, together with management's implementation of agreed management actions, the interim opinion given is **reasonable** (positive) assurance. This has been based upon an agreed programme of risk-informed audit coverage and advisory work which has enabled a valid assurance opinion to be provided.
- iii. There continues to be a positive culture in the Council to explore where control and governance improvements can be made. It is therefore important that this culture remains and focussed on maintaining an appropriate, risk-informed and effective overall framework of governance as the Council faces significant financial and operational challenges whilst delivering its ambitious Transformation Programme and continuing to work towards Barnsley 2030.
- iv. The key results from all completed audits have been reported throughout the year within the Internal Audit progress reports and are summarised in this report.
- v. The Audit and Governance Committee has also been made aware of progress in the implementation of agreed management actions.
- vi. The audit plan for 2023-24 is focussed on supporting management to consider the approach to controls in the context of the achievement of strategic objectives and priorities, the transformation programme and national initiatives (e.g., Adults Social Care Funding Reform, Procurement Reform).

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Anti-Fraud and Assurance**

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1. Purpose of Report

1.1 This annual report has been prepared adopting recommended practice contained within the updated Public Sector Internal Audit Standards (PSIAS) which came into effect on the 1st April 2017. These Standards require the Head of Internal Audit, Anti-Fraud and Assurance (HoIA) to report to the appropriate Member body, the Audit and Governance Committee, providing an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and controls based on the work undertaken by Internal Audit.

1.2 In order to comply with these Standards the report provides:-

- i. An interim opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control;
- ii. summary of the audit work undertaken to formulate the opinion;
- iii. details of key control issues identified which can be used to inform the Annual Governance Statement (AGS); and
- iv. the extent to which the work of other review or audit bodies has been relied upon.

2. Recommendations

2.1 It is recommended that the Committee:-

- i. **considers the interim opinion provided by the Head of Internal Audit, Anti-Fraud and Assurance based on the work undertaken and completed relating to 2022-23 regarding the adequacy and effectiveness of the Authority's framework of governance, risk management and internal control;**
- ii. **notes the key issues arising from the work of Internal Audit in the context of the Annual Governance Statement (AGS).**

3. Introduction / Background

3.1 In accordance with statutory best practice provided by the PSIAS, there is a requirement that the Head of Internal Audit, Anti-Fraud and Assurance (HoIA) prepares an annual report to the appropriate member body providing, amongst other things, an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control based on the audit work undertaken. For the Authority, the appropriate member body is the Audit and Governance Committee.

- 3.2 The Accounts and Audit Regulations require all councils to publish an Annual Governance Statement (AGS) providing a narrative on the effectiveness of the Council's governance, risk management and internal control framework and the results of the annual review process and detailing any actions to be taken in respect of any identified weaknesses.
- 3.3 This interim report provides a summary of key issues arising from the work of Internal Audit covered in the 2022-23 audit plan, which contributes to the overall assurance opinion the HoIA is able to give the Audit and Governance Committee.
- 3.4 Although providing an important and significant contribution to the assurances the Audit and Governance Committee needs in its consideration of the AGS, this report forms only part of the assurance framework. The Committee will receive the final Annual report at the September meeting and Annual Governance Statement (AGS) for 2022-23 at its November meeting. The Audit Committee is therefore encouraged to consider this report in the context of broad governance, risk and controls assurance.
- 3.5 The financial budget for the Internal Audit Team is clearly set covering the period 1st April to 31st March each year and a plan of the days and where they are planned to be delivered is prepared similarly. However, the actual delivery of internal audit work and the constant review and revision of coverage is on a more rolling basis. In order to align the annual Internal Audit report to the AGS and the signing of the Statement of Accounts it is more appropriate that the Head of Internal Audit, Anti-Fraud and Assurance's opinion is provided reflecting all the work undertaken that relates/covers the year at the point of the approval of the AGS and statutory accounts. This inevitably includes work actually undertaken in the current financial year but which relates to the control environment in existence in the 2022-23 financial year.

4. Head of Internal Audit, Anti-Fraud and Assurance's Interim Opinion on the Effectiveness of the Authority's Governance, Risk Management and Internal Control Environment

- 4.1 The Audit and Governance Committee has received Internal Audit progress reports throughout the audit year. In each of these reports a **reasonable** (positive) assurance opinion had been given reflecting an overall satisfactory level of internal controls and their application.
- 4.2 Taking the whole year into account and the audits completed to date, it is appropriate to give an overall **reasonable** (positive) interim assurance opinion for the year. The information supporting this opinion is provided below.
- 4.3 The engagement of senior managers and services across the Authority has once again been excellent and reflects a positive culture to embrace internal audit and look to identify opportunities to improve the effectiveness and efficiency of governance, risk management and internal controls. However, the challenges that Services face remain of course and to maintain positive assurance in the future that positive culture needs to continue. The key issues arising from Internal Audit work in the year, in general terms, continue to relate

to the significant pressures in most areas of the Council, relentless demand and the drive for greater efficiency and changed ways of working. There is nothing new in these challenges and so the embedded awareness of governance and internal control issues should stand the Authority in good stead to manage the risks, concerns and issues that will inevitably occur.

- 4.4 The audit work undertaken, and planned for the current year, has sought to support management to embrace and meet these challenges. To highlight this issue, a number of senior managers have continued to request Internal Audit input during the year to provide support and assurances that the internal control framework in certain areas was effective. This Internal Audit support was requested to highlight key control, governance and risk issues and assist management in how best to deal with them. Of key importance of course is the consideration and management of the identified and accepted risks moving forward.
- 4.5 It should be noted that audit work has in the main identified areas of weakness in the framework and application of controls that present risks to the meeting operational objectives. Any subsequent delay to then address any control weaknesses and agreed management actions clearly adds to this risk.
- 4.6 Section 6 of this report provides more detail regarding the results of the audit work. In summary, 59% of the completed audits resulted in a substantial or reasonable assurance opinion compared with 65% in 2021-22 and 91% in 2020-21.
- 4.7 Within the Internal Audit progress reports a number of key issues were drawn to the Committee's attention. These are summarised in Section 6.
- 4.8 An update with regards to the core financial system reviews for the 2022-23 financial year is given in paragraph 6.14.
- 4.9 Generally, the audit work in the year has found areas where controls remain good and effective. Seven "Limited" assurance opinions have been provided in 2022-23, the same as in 2021-22. These were areas where management invited Internal Audit in to provide independent assurance into areas where it was recognised that improvements could be made.
- 4.10 Although audit work aims to cover a broad range of services, systems and areas of Council activity, it needs to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly, the assurance opinion provided is based on reasonable coverage, as resources allow, and cannot be regarded as absolute assurance. Equally, there is a responsibility of senior managers through the annual governance statement process to provide assurances to the Chief Executive regarding the application and effectiveness of the internal control and governance framework in their operational or functional areas.
- 4.11 To remind the Committee, Internal Audit assurance opinions for individual pieces of work and overall, are classified within a range of four options, two

positive and two negative. The table below shows in broad terms the basis for the different opinions applied.

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial Assurance	A robust framework of controls exists that is likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Reasonable Assurance	A sufficient framework of key controls exists that is likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited Assurance	A 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.
	No Assurance	A 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.

4.12 Internal Audit seeks to work closely as appropriate with other auditors, most significantly External Audit. However, for 2022-23 no work undertaken by other auditors or any other review body has been specifically relied upon in the provision of this annual overall assurance opinion.

5. Summary of Internal Audit Work and Coverage 2022-23

5.1 Internal Audit aim to utilise a risk-informed approach to planning and delivering its work. This approach seeks to ensure that the key risks (concerns, issues and areas of strategic focus) facing the Authority are covered where appropriate by Internal Audit work. The audit planning process and details of the 2022-23 audit plan were considered by the Committee at its June 2022 meeting.

5.2 The Committee has received Internal Audit progress reports that incorporate the results of audit work and management's response on a continuous basis. A summary of the Internal Audit reports for 2022-23 is at Appendix 1.

5.3 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency. Over the last couple of years there has been a notable increase in the number of these adjustments which is indicative of the rapidly changing nature of service and Authority-wide priorities. The 2022-23 financial year required an extremely flexible and fluid plan to enable Internal Audit to provide assurance to Senior Management that the control framework remained effective. Details of audit work which has been

deferred, deleted or additional requests for specific pieces of work have been reported within the Internal Audit progress reports.

- 5.4 It should also be noted that Internal Audit work is variable both in its nature and timing. The risk-based approach ensures the highest priority work is undertaken. As with all plans, the audit plan was determined at a particular time (March/April 2022) utilising information available and has been subject to significant changes during the year. The Committee should be assured that within the finite resources available to Internal Audit, the key audit risks identified have either received audit attention during the year or are reflected in the audit plan for 2023-24.
- 5.5 The financial year end position for core internal audit days relating to the 2022-23 plan shows a slight under delivery of 78 days, or 9%, of the original provision. However, as reported at the Committee's June 2022 meeting, the Internal Audit plan was under resourced by circa 180 days at the beginning of the financial year due to delays in recruiting to vacant posts. The actual outturn of resourced days delivered is 114%. The plan was 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 31st March 2023 – Audit Days Delivered Relating to 2022-23 Plan

Directorate	Original 2022/23 Plan days	Revised 2022/23 Plan days	Actual days (% of revised days)
Place Based Health & Adult Social Care	48	41	39 (95%)
Childrens Services	63	61	60 (98%)
Core Services	402	408	334 (82%)
Council Wide	163	176	188 (107%)
Growth & Sustainability	179	187	175 (94%)
Public Health & Communities	28	27	26 (96%)
General Contingency	17	0	0
Barnsley MBC	900*	900	822 (91%)
Corporate Anti-Fraud Team	645	645	677 (105%)
Barnsley MBC Internal Audit Total	1,545	1,545	1,499 (97%)
Corporate Governance & Assurance	255	255	299 (117%)
HolA role as DPO	25	25	17 (68%)
Corporate Days (Council related activity)	315	315	306 (97%)
External Clients	885	885	700 (79%)
Total Chargeable Planned Days	3,025	3,025	2,821 (93%)

- 5.6 Within the resources there remains a significant amount of time needed to respond to requests for providing advice, support to services, innovation and initiatives, changes, projects and programmes, corporate change projects and general work that does not result in a specific report. Approximately 40% of the

Internal Audit delivered days was spent on work that generates a specific report. Details of the non-report work have been provided through the progress reports, but in summary have covered the following:

- Supporting Families claim verification
- Other grant verifications
- Charity Accounts sign-off
- Advice, support and challenge at the Glassworks Board in respect of the governance, risk and control arrangements
- Advice, support and challenge at the Seam Board in respect of the governance, risk and control arrangements
- Advice, support and challenge at the Community Boost (CRF) Board in respect of the governance, risk and control arrangements
- Support management in the development of a Glassworks Management Assurance Framework
- Advice and support in relation to the Council's Information Governance arrangements, including attendance at the Information Governance Board
- Advice and support to the Board and Project Team during the SAP Success Factors project
- Advice, support and challenge to the Place Based Health and Adult Social Care Directorate in relation to their preparation for the Funding Reforms and also delivery of their Governance Action Plan
- Attendance at various meetings to provide advice, support and challenge to the Council and Berneslai Homes with regards to the Service Agreement
- Advice, support and challenge to the Public Health Quality and Governance Group with regards to quality assurance and data quality
- Assurance with regards to the PRIP governance, performance and contract management arrangements.
- Advice, support and challenge regarding the SEND Safety Valve Programme governance arrangements
- Feedback to and liaison with all services
- Audit and Governance Committee support
- Follow-up of agreed management actions
- Annual audit planning process
- Input to the Annual Governance Review
- Corporate whistleblowing input

5.7 Whilst the work covered in the above list has not resulted in a specific assurance opinion, all work undertaken is considered in terms of the overall annual assurance provided in this annual report. Much of this work has also been considered in the 2023-24 planned coverage.

6. Summary of Internal Control Issues Arising from Internal Audit work in 2022-23

6.1 Internal Audit has completed 17 individual reviews of aspects of the Authority's internal control framework during 2022-23 that resulted in a formal report. These 17 audits sought to identify, test and review various controls to ensure management were meeting their responsibilities to establish and adhere to appropriate systems of internal control.

6.2 It should be noted that 6 reviews are currently in progress. Details are referenced within the work in progress section (Appendix 3).

6.3 A summary of the assurance opinions given for the 17 reports issued that did provide for an assurance opinion are shown below together with a comparison to 2021-22 and 2020-21.

Assurance Opinion		2022-23		2021-22		2020-21	
		No	%	No	%	No.	%
Positive Opinions	Substantial	1	6	0	0	1	3%
	Reasonable	9	53	13	65	29	88%
Negative Opinions	Limited	7	41	7	35	3	9%
	No	0	0	0	0	0	0%
TOTAL		17	100	20	100	33	100

* there were 14 Covid-19 related pieces of work included in the 2020/21 audit year.

It should be noted that clearly some audit areas have a greater significance and potential impact on the overall assurance opinion, i.e. limited assurance opinions given for control weaknesses in areas with a narrow scope, limited transactions and financial value will have a lower impact on the overall opinion compared to say a major service or a core financial system receiving such an opinion.

6.4 Across the various completed pieces of work to date 108 implications were raised. These are summarised below:

	No.	%	No.	%	No.	%
Category	2022-23		2021-22		2020-21	
High	9	8	13	10	6	5
Medium	71	66	87	65	73	66
Low	28	26	33	25	33	29
Total	108	100	133	100	112	100

6.5 Of the 108 implications raised, these related to:-

- 61 (56%) control adequacy;
- 44 (41%) control application;
- 3 (3%) system efficiency.

This indicates that the work undertaken in year has resulted in just over half of the agreed management actions relating to improving the adequacy of the controls in place (e.g. policies, procedures, management checks), with the remaining half relating to issues of compliance with existing controls (41%) and also more efficient ways of working (3%).

6.6 Of the 9 high implications:

- 4 were raised in the Childrens Residential Homes reviews;
- 2 were raised in the Data Retention and Records Management review;
- 2 were raised in the DPO Cybersecurity review;
- 1 was raised in the DPIA Follow Up review.

In respect of the 9 high implications above, all have been implemented.

Although there has been significant pressure on management throughout the year and across all services, Internal Audit has continued to get good co-operation from management from all Business Units.

6.7 Details of the key issues arising from these reviews have been presented to the Committee in the Internal Audit progress reports. These findings have arisen across audit reviews ranging from specific establishments to areas of governance.

6.8 In addition to the formal audit reports attracting an assurance opinion other reports have been issued in an advisory/consultancy context. A number of these reports are the product of significant Internal Audit input and over many months in some cases. These reports also contribute to the overall assurance opinion. Such input enables Internal Audit to assist management as initiatives, projects or reviews are progressing, thus helping establish effective controls and governance from the outset. In working this way, it is made clear to management in the scoping of Internal Audit work that we remain independent from decision-making.

The major advisory reports have covered:

- Adult Social Care Governance Action Plan
- RPA Project Management
- PRIP Contract
- SEND Safety Valve Programme

6.9 As stated in the Internal Audit progress reports it is important to note that the identification of control weaknesses does not necessarily indicate that any loss or inefficiency has actually occurred. Weaknesses indicate an increased *potential/risk* that losses or inefficiencies could arise.

6.10 An important part of Internal Audit's assessment of controls is undertaken through the annual reviews of the core financial systems of the Authority. This work is considered by External Audit who have regard to Internal Audit's work to assist in their opinion on the financial systems for their audit of the Accounts.

6.11 The core financial system reviews are almost completed, with 5 reports having been circulated to management for discussion and agreement. It is appropriate to highlight the excellent co-operation once again received from Financial Services. A separate section on the core system reviews is given below.

- 6.12 In relation to specific establishments or other minor systems, controls are tested at a lower level to ensure the detailed operation of systems and procedures, and the use of assets and resources are effective.
- 6.13 During the year, all audit report management actions were followed-up in accordance with the current follow-up protocol. As reported through the Internal Audit progress reports, the percentage of management actions implemented by the agreed dates has not given any cause for concern. Appendix 4 provides a breakdown of the current status of all agreed management actions in relation to the 2022-23 planned Internal Audit activity.
- 6.14 The Committee has continued to monitor this situation. Senior management are aware of their responsibilities to implement agreed management actions to ensure any control, risk or governance weaknesses identified through internal audit work are corrected. The Senior Management Team receives quarterly monitoring reports regarding the implementation of agreed management actions and escalates action accordingly. Clearly, any significant delay in implementation or non-implementation weakens the overall control environment.

Core System Reviews

- 6.15 Overall there are 11 systems regarded as core and fundamental to the financial management of the Authority (the Insurance system has been added into the Strategy for 2022-23). Over the last few years there has been a detailed risk assessment undertaken to establish the extent of coverage each system requires given a number of factors, namely any significant changes in the system or key personnel, the audit opinion the previous audit and the results of an analytical review undertaken by Internal Audit. The outcome of this risk assessment is discussed and agreed with the Section 151 Officer. External Audit are also consulted on the risk assessment and proposed coverage.
- 6.16 The timing of these audits means that the audits completed and included in the Appendix relate to those that were scoped in the 2021/22 financial year. They were completed in 2022/23. Transactional and key control testing will cover both 2021/22 and 2022/23 financial years. The audits currently being scoped and planned will again cover both 2022/23 and 2023/24 financial years. As External Audit do not rely directly on Internal Audit work, it is no longer critical that the audit work covers the whole financial year. The assurance opinions given for each of the systems in previous years and the agreed level of coverage for 2022-23 are shown in the table below. The Committee will be updated on the results of the core system audits that are currently at draft stage.

Core System	Audit Coverage* 2022-23	Audit Coverage 2021-22	Assurance Opinion 2020-21	Assurance Opinion 2019-20	Assurance Opinion 2018-19
	To be completed in 2023/24	Completed in 2022/23	Completed in 2021/22	Completed in 2020/19	Completed in 2019/20
Purchase to Pay / Accounts Payable	Compliance	Draft	Advisory**	Not Audited	Substantial

Core System	Audit Coverage* 2022-23	Audit Coverage 2021-22	Assurance Opinion 2020-21	Assurance Opinion 2019-20	Assurance Opinion 2018-19
Income	No Audit	Reasonable	Reasonable	Not Audited	Not Audited
Council Tax	Walkthrough / Full	Draft stage	Not Audited Reasonable	Not Audited	Substantial
NDR	Compliance	No Audit			
Housing Benefits	Walkthrough / Full	Draft stage	Reasonable	Not Audited	Substantial
Pay, Employee Admin & Org. Management	Walkthrough	Draft stage	Reasonable	Reasonable	Not Audited
Main Accounting	Compliance	Reasonable	Reasonable	Reasonable	Not Audited
Housing Rents	Compliance	Reasonable***	Reasonable	Substantial	Adequate
Fixed Assets	No Audit	Reasonable	No Audit	Reasonable	No Audit
Treasury Management	No Audit	Substantial	Reasonable	Not Audited	Not Audited
Insurance	No Audit	Draft stage	N/A	N/A	N/A

* A **Walkthrough** audit tests the end to end processes to provide assurance on the internal control framework. A **Compliance** audit includes sample testing of transactions in addition to the work undertaken in a Walkthrough. A **Full** audit includes wider management and supervision elements.

** A Council wide procurement compliance review was concluded in 2020/21 (relating to 2019/20). In addition, assurance work in relation to Covid19 emergency funding covered the Purchase to Pay elements.

*** Undertaken as part of the Berneslai Homes Internal Audit Plan. A Reasonable assurance has been provided for 2022-23.

Summary of Control Issues

6.17 During the year the Committee has received Internal Audit progress reports that highlighted key control issues that could potentially undermine the provision of an overall positive assurance opinion for the year. The major concerns that resulted in the issue of limited assurance opinions/ high implications in relation to particular audits were:-

- Growth & Sustainability - Highways Financial & Governance Arrangements – Need to review the governance framework to ensure it is fit for purpose (meeting structure, policies and procedures, lifecycle costing, procurement and contract management, management reporting – capital programme, performance management).
- Childrens Services - Childrens Residential Homes (x2) – Review identified concerns relating to the following thematic areas – policies and procedures; safeguarding; information governance and data quality; business continuity / emergency resilience; performance mgt; financial mgt; HR, management and workforce. Management agreed to include actions into the Continuous Improvement Action Plan.
- Childrens Services – Disabled Children Direct Payments - Concerns with regards to the absence of personal development plans for each child and their family to manage and monitor needs requirements, further training requirements with regards to how to generate more interest when advertising a

support package, data quality and software utilised upon which management information is produced and enhancements required for collaborative working.

- Core Services – Data Retention and Records Mgt – A sample of Officers were unaware of their role as an Information Asset Owner to protect their information assets. In addition, it was unclear whether Information Asset Owners had assigned the day-to-day management of the Information Asset Register to staff within their Business Unit which may have led to failings across the Council to identify, record, review and appropriately dispose of electronic records on a regular basis. The Corporate Retention Schedule requires a review and update to ensure that it captures all records held by the Council and retention periods.
- Core Services – DPO – DPIA Follow Up – There is a risk that staff may not be fully aware of their roles and responsibilities in relation to DPIAs due to the non-completion of the updated mandatory training 'UK GDPR'. A number of sampled DPIAs within the database did not appear to have been reviewed at least annually or sooner. It was also noted that when an Information Asset Owner (IAO) leaves the Service and is no longer responsible for the DPIA the automatic reminders are not always allocated to another IAO. The Data Protection Officer (DPO) expressed uncertainty around the criteria utilised by the Information, Governance & Security Incident Analyst when determining DPO involvement for individual DPIA's, as he had not been involved in the review process in some cases and had not received a 'prompt' when reviews are due enabling appropriate follow up as part of the process.
- Core Services - DPO – Cybersecurity: Positives - The audit concluded there is a cyber security governance process in place, including a cyber-specific Service Continuity Management Plan that includes emergency planning for various cyber-attacks and this document has clear roles and responsibilities with key contacts and a communication plan. BMBC participated in the LGA 360% Programme in early October 2022 and there is an associated action plan. Backup arrangements are in place and the 360% review prompted the implementation of a more robust solution. The Council hold a Payment Card Industry (PCI) compliance certificate and comply with Data Security and Protection Toolkit (DSPT) standards. The reason for the limited assurance opinion at that particular time was due the Public Sector Network (PSN) certification being out of date (1 July 2022). This certification has now been received and therefore a positive assurance opinion is now applicable.

7. Local Area Implications

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

8. Consultations

- 8.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive and/or Service Director to apprise him/her of key issues raised and remedial actions agreed. No specific consultation has been necessary in the preparation of this annual report.

9. Compatibility with European Convention on Human Rights

- 9.1 In the conduct of investigations, Internal Audit operates under the provisions of the Data Protection Act 2018, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

10. Reduction of Crime and Disorder

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

11. Risk Management Considerations

- 11.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.
- 11.2 The Committee has received a detailed report on the audit plan including the basis of the plan and the utilisation of risk information. This is a critical aspect of the audit function and seeks to ensure audit resources are targeted at the areas of the Council's business where the most significant risks have been identified.
- 11.3 There is a risk to the Authority as a whole should the Internal Audit function not be effective. This would undermine the internal control, risk and governance arrangements of the Authority and fail to provide the Committee with sufficient independent information upon which to base their assurance views upon. The provision of detailed Internal Audit progress reports during the year, plus this interim annual report and the report on the QAIP should act as mitigation in ensuring the Committee is in a position to constantly keep the audit function under review.
- 11.4 There is a risk to the Authority should Internal Audit not be in a position to undertake its work independently and objectively. Throughout the year, there has been no impairment of independence or objectivity.
- 11.5 There is a risk to the control and governance of the Authority if management fail to implement their agreed actions to address the implications identified during Internal audit work. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit and Governance Committee within the progress and annual reports.

12. Employee Implications

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

13. Financial Implications

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

14. Appendices

- 14.1 Appendix 1 - Summary of Internal Audit Reports 2022-23
Appendix 2 - Details and Outcomes of other Internal Audit Activities
Appendix 3 - Work In Progress
Appendix 4 - Agreed Management Actions
Appendix 5 – Financial Year End Performance Indicators 2022-23

15. Background Papers

- 15.1 Various Internal and External Audit reports, files and working papers.

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Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Growth & Sustainability	CRF Contract and Performance Management 28/07/2022	Reasonable	H – 0 M – 3 L – 2 Control Adequacy x 1 Control Application x 3 Systems Efficiency x 1	G/R/C	Partnerships & Relationships x 2 Performance Management & Data Quality x 3	3 x closed 2 x management assurance process
Core Services	Annual Governance Review Process 28/10/2022	Reasonable	H – 0 M – 3 L – 0 Control Adequacy x 3	G/R/C	Information Governance x 3	3 x closed
Growth & Sustainability	Active Travel 02/11/2022	Reasonable	H – 0 M – 5 L – 2 Control Adequacy x 6 Control Application x 1	G/R/C	Information Governance x 4 Collaboration x 1 Performance Management x 1 Contracts / Procurement / Commissioning x 1	3 x closed 2 x revised implementation dates provided 2 x management assurance process
Core Services	DPO – DPIA Follow Up 02/12/2022	Limited	H – 1 M – 4 L – 3 Control Adequacy x 6 Control Application x 2	G/R/C	Information Governance x 8	1 x closed 2 (H/M) x not yet due 2 (M) x revised implementation dates provided 3 x management assurance process

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Council Wide (Core)	Strategic Risks and Concerns Mgt 14/12/2022	Reasonable	H – 0 M – 2 L – 0 Control Adequacy x 2	G/R/C	Risk Management x 2	1 x closed 1 x not yet due
Core Services	Financial System – Income 16/12/2022	Reasonable	H – 0 M – 1 L – 1 Control Adequacy x 1 Control Application x 1	G/R/C	Information Governance x 1 Financial Management x 1	1 x revised implementation date provided 1 x management assurance process
Growth & Sustainability	Highways Governance & Financial Management 21/12/2022	Limited	H – 0 M – 9 L – 9 Control Adequacy x 12 Control Application x 6	G/R/C	Performance Management & Data Quality x 7 Information Governance x 7 Contracts / Procurement / Commissioning x 2 Financial Management x 2	1 x closed 4 x not yet due 4 x revised implementation dates provided 9 x management assurance process
Public Health & Communities	Information Governance, Suicide Related Cases 11/01/2023	Reasonable	H – 0 M – 4 L – 0 Control Adequacy x 3 Control Application x 1	G/R/C	Information Governance x 4	1 x closed 3 x not yet due

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	Financial System - Treasury Mgt 16/01/2023	Substantial	H – 0 M – 0 L – 1 Control Application x 1	G/R/C	Financial Management x 1	1 x management assurance process
Childrens Services	Residential Childrens Homes (x2) 30/01/2023	Limited (x2)	H – 4 M – 20 L – 3 Control Adequacy x 11 Control Application x 16	G/R/C	Information Governance x 2 Business Continuity / Emergency Resilience x 8 Safeguarding x 4 Performance Management x 8 HR / Workforce Management x 1 Financial Management x 4	23 (H/M) x closed 1(M) x not yet due 3 x management assurance process
Childrens Services	Disabled Children Direct Payments 08/02/2023	Limited	H – 0 M – 5 L – 1 Control Adequacy x 3 Control Application x 2 Systems Efficiency x 1	G/R/C	Business Continuity / Emergency Resilience x 3 Safeguarding x 1 Collaboration x 1 Information Governance x 1	5 x original implementation date passed, management response not received 1 x management assurance process

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	Data Retention and Records Mgt. 08/02/2023	Limited	H – 2 M – 8 L – 1 Control Adequacy x 6 Control Application x 5	G/R/C	Business Continuity / Emergency Resilience x 1 Information Governance x 10	1 (M) x closed 4 (H/M) x not yet due 5 (H/M) x revised implementation date provided 1 x management assurance process
Core Services	DPO – Incident Management 24/02/2023	Reasonable	H – 0 M – 3 L – 1 Control Adequacy x 1 Control Application x 3	G/R/C	Information Governance x 3 Risk Management x 1	2 x closed 1 x revised implementation date provided 1 x management assurance process
Core Services	Financial System – Fixed Assets 03/03/2023	Reasonable	H – 0 M – 1 L – 1 Control Adequacy x 2	G/R/C	Performance Management and Data Quality x 1 Business Continuity / Emergency Resilience x 1	1 x closed 1 x management assurance process
Core Services	DPO – Cybersecurity 14/03/2023	Limited	H – 2 M – 0 L – 2 Control Adequacy x 3 Systems Efficiency x 1	G/R/C	Information Governance x 4	1 x closed 1 x not yet due 2 x management assurance process

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	Financial System – Main Accounting 09/06/2023	Reasonable	H – 0 M - 3 L – 1 Control Adequacy x 1 Control Application x 3	G/R/C	Financial Management x 2 Information Governance x 1 Information Systems Management x 1	1 x closed 2 x not yet due 1 x management assurance process

Details and outcome of other Internal Audit activities concluded in the period

Audit Work Completed	Details	Contribution to Assurance
Place Based Health & Adult Social Care: Adult Social Care Services	Advice, Support and Challenge to Place Based Health & Adult Social Care during its implementation of the Governance Action Plan and Readiness for the Funding Reforms.	The work contributes to assurance in respect of governance, risk and financial management.
Childrens Services: Supporting 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 and also BAU 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: Glassworks Management Assurance Framework	To support management in the development and implementation of the Management Assurance Framework.	The work contributes to assurance in respect to governance, risk 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 Funding 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 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: 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.
Core: Various Grant Claims and Charity Accounts	To independently validate and sign off the accounts in accordance with the grant T&Cs / Chairt Commission requirements.	The work contributes to assurance in respect of financial management.
Core/ G&S: BMBC/BH Service Agreement	To provide provide advice, support and challenge to the Council and Berneslai Homes with regards to the Service Agreement.	The work contributes to assurance in respect to governance, risk and financial management.
Public Health & Communities: Quality and Governance	To provide advice, support and challenge to the Public Health Quality and Governance Group with regards to quality assurance and data quality.	The work contributes to assurance in respect to governance, risk and financial management.

Appendix 2

Audit Work Completed	Details	Contribution to Assurance
Core/ G&S: PRIP Contract	To provide assurance with regards to the PRIP governance, performance and contract management arrangements.	The work contributes to assurance in respect to contract management, governance and financial management.
Core/ Childrens Services: SEND Safety Valve Programme	Advice, support and challenge regarding the SEND Safety Valve Programme governance arrangements	The work contributes to assurance in respect to governance, risk and financial management.

Work in Progress as at 14th July 2023

Directorate & Audit Assignment	Status / Comment
Core Services – IT Programme / Project Management	Testing Well Advanced
Core Services – Financial System, Payroll	Draft Report Circulated – to discuss and agree with management
Core Services – Financial System, Purchase to Pay	Draft Report Circulated – to discuss and agree with management
Core Service – Financial System, Insurances	Draft Report Circulated – to discuss and agree with management
Core Services – Financial System, Housing Benefits	Draft Report Circulated – to discuss and agree with management
Core Services – Financial System, Council Tax	Draft Report Circulated – to discuss and agree with management

Analysis of Agreed Management Actions Relating to 2022-23 Planned Internal Audit Activity

Implication Categorisation	No. of Implications	Not Yet Due – Future Implementation Date Agreed	Completed	Not yet completed – Revised date agreed	Not yet completed – Awaiting Management Update
Place Based Health & Adult Social Care					
High	0	0	0	0	0
Medium	0	0	0	0	0
TOTAL	0	0	0	0	0
Growth & Sustainability					
High	0	0	0	0	0
Medium	17	4	7	6	0
TOTAL	17	4	7	6	0
Childrens Services (excl. Maintained Schools)					
High	4	0	4	0	0
Medium	25	1	19	0	5
TOTAL	29	1	23	0	5
Maintained Schools					
High	0	0	0	0	0
Medium	0	0	0	0	0
TOTAL	0	0	0	0	0
Core Services					
High	5	3	1	1	0
Medium	25	7	10	8	0
TOTAL	30	10	11	9	0
Public Health & Communities					
High	0	0	0	0	0
Medium	4	3	1	0	0
TOTAL	4	3	1	0	0
OVERALL TOTAL	80	18	42	15	5
%		23	52	19	6

Internal Audit Performance Indicators - Quarter Four 2022/23

Ref.	Indicator	Frequency of Report	Target 2022/23	This Period (Q4)	Year to Date
1.	<u>Customer Perspective:</u>				
1.1	Percentage of questionnaire received noted “good” or “very good” relating to work concluding with an audit report.	Quarterly	95%	100%	100%
2.	<u>Business Process Perspective:</u>				
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%	78%	71%
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	1.2 days	8.3 days
3.	<u>Continuous Improvement Perspective:</u>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<u>Financial Perspective:</u>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Within Budget	Within Budget