

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

AUDIT AND GOVERNANCE COMMITTEE – 15th NOVEMBER 2023

INTERNAL AUDIT PROGRESS REPORT 2023/24

1 Purpose of this report

- 1.1 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 1st July to 31st October 2023.

2 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 2023/24 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
- Undertaking the Transformation Review and then Implementing a new structure 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 & Governance 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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Date: 3rd November 2023



Barnsley Metropolitan Borough Council

Internal Audit Progress Report

Audit and Governance Committee

15th November 2023

INTERNAL AUDIT PROGRESS REPORT 1st July to 31st October 2023

Purpose of this report

This report has been prepared to inform the Audit and Governance Committee on the Internal Audit activity for the period 1st July to 31st October 2023, 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.

2023/24 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 31st October 2023 – Audit Days Delivered

| Directorate | Original 2023/24 Plan days | Revised 2023/24 Plan days | Actual days (% of revised days) |
|--|----------------------------|---------------------------|---------------------------------|
| Place Health & ASC | 49 | 51 | 35 (69%) |
| Childrens Services | 127 | 94 | 62 (66%) |
| Core Services | 684 | 652 | 374 (57%) |
| Council Wide | 130 | 130 | 103 (79%) |
| Growth & Sustainability | 159 | 188 | 105 (56%) |
| Public Health & Communities | 24 | 25 | 23 (92%) |
| General Contingency | 21 | 79 | N/A |
| Barnsley MBC | 1,194 | 1,219 | 706 (58%) |
| Corporate Anti-Fraud Team | 754 | 754 | 313 (42%) |
| Barnsley MBC Internal Audit Total | 1,948 | 1,973 | 1,019 (52%) |

| | | | |
|---|-----|-----|-----------|
| Corporate Governance & Assurance | 260 | 260 | 183 (70%) |
| HolA role as DPO | 25 | 25 | 13 (52%) |
| Corporate Days (Council related activity) | 379 | 354 | 133 (38%) |

| | | | |
|------------------|------------|------------|------------------|
| External Clients | 524 | 524 | 295 (56%) |
|------------------|------------|------------|------------------|

| | | | |
|--------------------------------------|--------------|--------------|--------------------|
| Total Chargeable Planned Days | 3,136 | 3,136 | 1,643 (52%) |
|--------------------------------------|--------------|--------------|--------------------|

Position as at 31st October 2023 – Plan Assignments

| Directorate | 2023/24 plan assignments | Assignments expected to be completed to date | Actual Assignments completed to Date | Actual assignments completed in Period |
|-----------------------------|--------------------------|--|--------------------------------------|--|
| Place Health & ASC | 1 | 1 | 1 | 1 |
| Childrens Services | 3 | 2 | 2 | 2 |
| Core Services | 23 | 2 | 2 | 2 |
| Growth & Sustainability | 7 | 2 | 2 | 2 |
| Public Health & Communities | 2 | 2 | 2 | 2 |
| Total | 36 | 9 | 9 | 9 |

NB – formal audits resulting in a report only – excludes advisory, grants etc where no report required.

Changes to the 2023/24 Internal Audit Plan

There have been 2 changes to the Internal Audit plan during this period. These are:-

- Cancelled – Core Services: SAP Replacement System
- Deferred – Council Wide (Core) – Partnership Governance

A number of days have also been transferred from the Council Wide Corporate budget days (due to a reduction in requirements) into the Internal Audit plan, to provide increased assurance resource.

Final Internal Audit reports issued

We have finalised 9 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 | | |
| Place Health & ASC: Governance Reviews Follow Up and CQC Self Assessment | Reasonable | 0 | 3 | 0 | 3 | 3 |
| Core Services – People Strategy | Reasonable | 0 | 3 | 0 | 3 | 3 |
| Core Services – Health & Safety Employees | Reasonable | 0 | 2 | 1 | 3 | 3 |
| Childrens Services - Educational Visits and Outdoor Education | Reasonable | 0 | 4 | 2 | 6 | 6 |

| Directorate- Audit Assignment | Assurance Opinion | Number of Management Actions Agreed: | | | Total | Agreed |
|--|-------------------|--------------------------------------|-----------|----------|-----------|-----------|
| | | High | Medium | Low | | |
| Childrens Services - Early Education Funding - Top-Up Payments | Reasonable | 0 | 4 | 1 | 5 | 5 |
| G&S – Glassworks Service Charges | Reasonable | 0 | 2 | 1 | 3 | 3 |
| G&S – Adult Learning | Reasonable | 0 | 2 | 0 | 2 | 2 |
| PH & Comms - Discharge of Statutory Role - Infectious diseases | Reasonable | 0 | 1 | 0 | 1 | 1 |
| PH & Comms - Discharge of Statutory Duties - Regulatory Services | Reasonable | 0 | 2 | 0 | 2 | 2 |
| Total | | 0 | 23 | 5 | 28 | 28 |

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: 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. |

| Audit Work Completed | Details | Contribution to Assurance |
|--|--|---|
| Council Wide | To provide advice, support and challenge to management during the Transformation Programme incl. Microsoft Project. | The work contributes to assurance in respect to governance, risk management and 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: Levelling Up 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: 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. |
| Core: Accounts Payable (Advisory) | To continue to support management during the implementation of the Development Plan. | The work contributes to assurance in respect to governance, risk and financial management |
| Core: Various Grant Claims | To independently validate the claims to be submitted to the Funding Bodies. | The work contributes to assurance in respect of 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

| Audit Activity | Description |
|---|--|
| Follow-up of Agreed Management Actions | Regular work undertaken to follow-up agreed management actions made. |
| Attendance at Steering / Working Groups | Information Governance 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 – 2023/24 Plan

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 |
| Core: Equality, Diversity and Inclusion Review | | | ✓ |
| Council Wide / Core – AGR Process | | | ✓ |
| G&S: Home to School Transport | | | ✓ |
| Core: Constitution Review | | ✓ | |
| Place Based Health & ASC: Adults Social Care Funding Reforms | | ✓ | |
| Council Wide / Core – Strategic Risk and Concerns Management | | ✓ | |
| Core: Financial System, NNDR | | ✓ | |
| Core: MTFS | | ✓ | |
| Core: Budget management and efficiency savings | | ✓ | |
| Core: Contact Centre | | ✓ | |
| Core: Information Systems Archiving | | ✓ | |
| Core: Mayoral Charity Accounts | | ✓ | |
| Core: Elections - Elections Review (incl. Voter ID and Postal Voting) | | ✓ | |
| G&S: Asset Management Strategy | | ✓ | |
| Childrens Services: Development Plan | ✓ | | |
| Core: Financial System, Main Accounting | ✓ | | |
| Core: Procurement of ICT Systems | ✓ | | |
| Core: Data Management | ✓ | | |
| G&S: PRIP Contract | ✓ | | |
| G&S: Barnsley Property Services | ✓ | | |
| G&S: Zero Carbon | ✓ | | |

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 |
|--|-----------------------|-----------|---|--|
| Place Health and ASC | | | | |
| High | 0 | 0 | 0 | 0 |
| Medium | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Growth & Sustainability | | | | |
| High | 0 | 0 | 0 | 0 |
| Medium | 3 | 2 | 1 | 0 |
| TOTAL | 3 | 2 | 1 | 0 |
| Childrens Services (excl. Maintained Schools) | | | | |
| High | 0 | 0 | 0 | 0 |
| Medium | 3 | 3 | 0 | 0 |
| TOTAL | 3 | 3 | 0 | 0 |
| Maintained Schools | | | | |
| High | 0 | 0 | 0 | 0 |
| Medium | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| Core | | | | |
| High | 1 | 0 | 1 | 0 |
| Medium | 9 | 7 | 2 | 0 |
| TOTAL | 10 | 7 | 3 | 0 |
| Public Health & Communities | | | | |
| High | 0 | 0 | 0 | 0 |
| Medium | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |
| OVERALL TOTAL | 16 | 12 | 4 | 0 |
| % of TOTAL | | 75 | 25 | 0 |

Internal Audit performance indicators and performance feedback for Quarter 2 - 2023/24

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

| Ref. | Indicator | Frequency of Report | Target 2023/24 | This Period (Q2) | Year to Date |
|-----------|--|---------------------|----------------|------------------|---------------|
| 1. | <u>Customer Perspective:</u> | | | | |
| 1.1 | Percentage of questionnaires 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% | 66%* | 64%* |
| 2.3 | Average number of days lost through sickness per FTE | Quarterly | 6 days | 2.3 days | 5.7 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 |

* The chargeable time indicator in Q1 & Q2 has been impacted upon by the profile of annual and statutory leave, which will level out throughout the year and the impact of sickness absences.

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

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

2. Assurance Opinions

| | Level | Control Adequacy | Control Application |
|------------------------------|--------------------|---|---|
| POSITIVE OPINIONS | Substantial | Robust framework of controls exist that are likely to ensure that objectives will be achieved. | Controls are applied continuously or with only minor lapses. |
| | Reasonable | 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. |
| NEGATIVE OPINIONS | Limited | 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 | 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. |