

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

### AUDIT AND GOVERNANCE COMMITTEE – 15<sup>th</sup> SEPTEMBER 2021

#### INTERNAL AUDIT ANNUAL REPORT 2020-21

##### Executive Summary

- i. This report provides the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Authority's governance, risk and internal control arrangements based on the work of Internal Audit for 2020-21 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 opinion given is **reasonable** (positive) assurance. This has been based upon an agreed programme of risk based audit coverage and input which has enabled a valid assurance opinion to be provided.
- iii. There is clearly 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-based and effective framework of controls as we continue to respond to and recover from the Covid 19 pandemic and as we continue 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. Throughout the year the Audit and Governance Committee have been made aware of progress in the implementation of agreed management actions.
- vi. The audit plan for 2021-22 is focussed on supporting management to consider the approach to controls in the context of the impact of Covid 19.

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

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**INTERNAL AUDIT ANNUAL REPORT 2020-21**

**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 1<sup>st</sup> April 2017. These Standards require the Head of Internal Audit (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 and internal control based on the work undertaken by Internal Audit.

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

- i. an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk 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 opinion provided by the Head of Internal Audit based on the work undertaken and completed relating to 2020-21 regarding the adequacy and effectiveness of the Authority's framework of governance, risk 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 (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 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 Council's internal control, risk management and governance framework, the results of the

annual review process and detailing any actions to be taken in respect of any identified weaknesses. The AGS will address all aspects of corporate governance including internal control and risk management arrangements, in addition to financial controls.

- 3.3 This report provides a summary of key issues arising from the work of Internal Audit covered in the 2020-21 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 draft Annual Governance Statement (AGS) for 2020-21 at its November 2021 meeting. The Committee is therefore encouraged to consider this report in the context of broad controls assurance.
- 3.5 The financial budget for the Internal Audit Team is clearly set covering the period 1<sup>st</sup> April to 31<sup>st</sup> 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's opinion is provided reflecting all the work undertaken that relates/covers the financial year at the point at which this report is prepared. This inevitably includes work actually undertaken in the current financial year but that relates to the control environment in the 2020-21 financial year.

#### **4. Head of Internal Audit's Opinion on the Effectiveness of the Authority's Governance, Risk 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** assurance opinion had been given reflecting an overall satisfactory position in terms of the governance and risk arrangements and also level of internal controls and their application.
- 4.2 Taking the whole year into account and the audits completed, it is appropriate to give an overall **reasonable** (positive) 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 controls and governance. However the challenges that Services face continue of course and to maintain positive assurance in the future that positive culture needs to continue also. 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 (particularly reacting to the impact of Covid 19), 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, risk 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 asked for Internal Audit input during the year to provide support and assurances that the control framework in certain areas was effective (particularly in relation to the impact of Covid 19 and the government funding received to support the public and local businesses). 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 the audit work completed has in the main identified weaknesses 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, 87% of the completed audits resulted in a substantial or reasonable assurance opinion compared with 62% in 2019-20 and 73% in 2018-19.
- 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 2020-21 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 only relatively minor issues have been raised. Six "Limited" assurance opinions have been provided in 2020-21 compared to five in 2019-20.
- 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.

	<b>Level</b>	<b>Control Adequacy</b>	<b>Control Application</b>
<b>POSITIVE OPINIONS</b>	<b>Substantial Assurance</b>	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.
	<b>Reasonable Assurance</b>	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.
<b>NEGATIVE OPINIONS</b>	<b>Limited Assurance</b>	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.
	<b>No Assurance</b>	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 2020-21 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 2020-21**

5.1 Internal Audit aim to utilise a risk-based approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are covered where appropriate by Internal Audit work. The audit planning process and details of the 2020-21 audit plan were considered by the Committee at its March and July meetings.

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 2020-21 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 the service and Authority-wide priorities. The 2020-21 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 whilst the Council reacted to the Covid 19 pandemic. Details of audit work which has been deferred, deleted or 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/July 2020) utilising information available and has been subject to significant changes during the year. The Audit 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 2021-22.

- 5.5 The financial year end position for core internal audit days relating to the 2020-21 plan shows a slight over delivery of 70 days, or 106%, of the original provision.

### Position as at 31<sup>st</sup> March 2021 – Audit Days Delivered Relating to 2020-21 Plan

Directorate	Original 2020/21 Plan days	Revised 2020/21 Plan days	Actual days (% of revised days)
Adults & Communities	68	42	34 (81%)
Childrens Services	166	136	131 (96%)
Core Services	386	468	436 (93%)
Corporate	133	157	321 (204%)
Council Wide	140	160	155 (97%)
Place	167	136	97 (71%)
Public Health	48	33	30 (91%)
General Contingency	26	2	0
<b>Barnsley MBC</b>	<b>1,134</b>	<b>1,134</b>	<b>1,204 (106%)</b>
Corporate Anti-Fraud Team	600	600	528 (88%)
<b>Barnsley MBC Internal Audit Total</b>	<b>1,734</b>	<b>1,734</b>	<b>1,732 (100%)</b>
Corporate Governance & Assurance	210	210	162 (77%)
HolA role as DPO	35	35	33 (94%)
External Clients	<b>1,043</b>	<b>1,043</b>	<b>926 (89%)</b>
<b>Total Chargeable Planned Days</b>	<b>3,022</b>	<b>3,022</b>	<b>2,851 (94%)</b>

**NB – Core Services includes all unplanned Covid 19 related assurance work that covers assurance activity across all Directorates. Corporate includes days where the Team have supported other services (i.e. redeployment).**

- 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 half of operational audit time is 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:

- Advice, Support and Challenge to Adults and Communities during its review of 3 Services (Share Lives, Assisted Living and Brokerage)
- Troubled Families claim verification
- Grant verification

- Charity Accounts sign-off
- An independent review and challenge of the Council's self assessment against the CIPFA Financial Management Code
- Advice and Support in relation to the Council's Covid 19 Recovery and Renewal Strategy
- Advice, support and challenge at the Glassworks Board in respect of the governance, risk and control arrangements
- General advice to services in relation to controls, risk and governance
- Advice and support in relation to the Council's Information Governance arrangements, including attendance at the Information Governance Board
- Advice and support in relation to procurement arrangements including attendance at the Procurement Working Group
- Advice and support to HR with regards to the SMART Working project
- Advice and support to IS during the SAP Success Factors project
- Advice and support to Core Services (BII) during the development of the Council Plan and Barnsley 2030
- A check and challenge of the revised SEND governance arrangements including the approach to decision making
- Advice, support and challenge during the lead up period to transfer back to the Council Services provided by NPS Barnsley Ltd
- Advice, support and challenge with regards to the Elsecar Heritage RailwayTrust
- 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 indicative annual assurance provided in this annual report. Much of this work has also been considered in the 2021-22 planned coverage.

## **6. Summary of Internal Control Issues Arising from Internal Audit work in 2020-21**

6.1 Internal Audit has completed 45 individual reviews of aspects of the Authority's internal control framework during 2020-21 that resulted in a formal report. These 45 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. It should be noted that 2 reviews are currently in progress. These reviews have not yet been completed due to the significant changes made to the plan during 2020-21 to divert Internal Audit resources to Covid 19 assurance priorities. Details are referenced within the work in progress section (appendix 3).

6.2 A summary of the assurance opinions given for the 45 reports issued are shown below together with a comparison to 2019-20 and 2018-19.

Assurance Opinion		2020-21		2019-20		2018-19	
		No	%	No	%	No.	%
Positive Opinions	Substantial	1	2%	0	0%	4	27%
	Reasonable	38	85%	8	62%	7	46%
Negative Opinions	Limited	6	13%	5	38%	4	27%
	No	0	0%	0	0%	0	0%
TOTAL		45	100	13	100%	15	100%

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.

6.3 Across the various completed pieces of work to date 158 implications were raised. These are summarised below:

Category	No.	%	No.	%	No.	%
	2020-21		2019-20		2018-19	
High	7	4%	6	6%	1	1%
Medium	101	64%	64	59%	48	51%
Low	50	32%	38	35%	46	48%
Total	158	100%	108	100%	95	100%

6.4 Of the 7 high implications:

- 2 were raised in the Youth Justice Service report;
- 2 were raised in the Procurement Compliance reports;
- 1 was raised in the Council Tax Change of Circumstances report, and;
- 2 were raised in the DPO Assurance related reports (Cybersecurity and Information Governance Awareness).

In respect of the 7 high implications above, 5 have been implemented and 2 have agreed implementation dates in the future.

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 across the Council and at various levels.

6.5 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.

6.6 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. The major advisory reports have covered:

- Adult Social Care – Shared Lives, Assisted Living and Brokerage Services;
- SEND – Decision Making;
- Covid19 – Income Compensation Claims.

- 6.7 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 occur.
- 6.8 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.
- 6.9 The core financial system reviews in relation to 2020-21 have now been completed. The necessary timing of these reviews is always extremely challenging in coinciding with the preparation of the draft accounts. However, this financial year has been increasingly challenging due to the significant work undertaken to provide Senior Management with assurance of the systems and processes adopted to receive, manage and monitor the Covid 19 government funding. It is appropriate to highlight the excellent co-operation once again received from Financial Services, particularly when considering the pressure on their resources during the reactive phase to the pandemic. A separate section on the core system reviews is given below.
- 6.10 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.
- 6.11 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 have not given any cause for concern, particularly when considering that the Council was responding to the pandemic and this understandably being management's priority at that time. Appendix 4 provides a breakdown of the current status of all agreed management actions in relation to the 2020-21 planned Internal Audit activity.
- 6.12 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 regular 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.

6.13 In common with the general theme highlighted previously, Internal Audit has found that in many cases any delay in the implementation of agreed management actions has been as a direct consequence of the significant demands placed on management over the year and particularly with the impact of reacting to Covid 19. A follow-up exercise has recently been undertaken, enabling the Committee to be provided with an updated position.

#### Core System Reviews 2020-21

6.14 Overall there are 10 systems regarded as core and fundamental to the financial management of the Authority. 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.

6.15 The assurance opinions given for each of them in previous years and in relation to 2020-21 are shown in the table below:-

<b>Core System</b>	<b>Audit Coverage 2020-21</b>	Assurance Opinion 2019-20	Assurance Opinion 2018-19	Assurance Opinion 2017-18	Assurance Opinion 2016-17
Purchase to Pay	<b>No Audit *</b>	No Audit	Substantial	Adequate	No Audit
Income	<b>Reasonable</b>	No Audit	Not Audit	Adequate	No Audit
Council Tax	<b>No Audit</b>	No Audit	Substantial	No Audit	No Audit
NDR	<b>Reasonable</b>	No Audit			
Housing Benefits	<b>Reasonable</b>	No Audit	Substantial	No Audit	Limited
Pay, Employee Admin & Org. Management	<b>Reasonable</b>	Reasonable	No Audit	Adequate	No Audit
Main Accounting	<b>Reasonable</b>	Reasonable	No Audit	Substantial	No Audit
Housing Rents **	<b>Reasonable</b>	Substantial	Adequate	Substantial	Substantial
Fixed Assets	<b>No Audit</b>	Reasonable	No Audit	No Audit	No Audit
Treasury Management	<b>Reasonable</b>	No Audit	No Audit	Substantial	Adequate
Accounts Payable ***	<b>On-going</b>	No Audit	Substantial	No Audit	No Audit

\* A Council wide procurement compliance review has been 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.

\*\*\* Specific audit on the accounts payable process included in 2021-22 plan and still in progress at the time of reporting

## Summary of Control Issues

6.16 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 issues that resulted in the issue of high implications in relation to particular audits were:-

- Procurement (BMBC and NPS Barnsley Ltd) – non-compliance with CSOs, policies and procedures. In addition, concerns with regards to the lack of declaration of interests by NPS Barnsley Ltd. The agreed management actions have been implemented in a timely manner during the year, where they remained relevant, upon the transfer of Services provided by NPS Barnsley Ltd back to the Council;
- Procurement Compliance – Youth Justice Service – support and training is being provided to Officers to mitigate the risk of non-compliance (NB - the type of procurement activity in this Service is relatively low in value);
- Council Tax Change of Circumstances – the data quality of processing was identified during sample testing which has been immediately resolved by management.

6.17 It is noted that the impact of and recovery from Covid 19 and the wider transformation programme will continue to have implications for the structure and nature of the Council's control framework. Internal Audit will continue to support management to identify any potential implications in terms of the effectiveness of control and governance structures to hopefully retain positive assurance overall.

6.18 The outcome of the specifically commissioned audit of the wider accounts payable system and process in 2021-22 will be included in a subsequent report to the Committee once the audit has been completed.

## **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 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 Committee within the quarterly and annual reports.
- 11.6 In a more general perspective, the Authority and senior management will need to remain alert to the changing nature of risks, particularly those posed by cyber activity. Of equal focus will be needed on how the Authority manages its significant relationships with third parties, whether that is through service level agreements, partnership arrangements or normal contract management.
- 11.7 The new corporate approach to risk management presents an opportunity to capture the key areas where assurances are needed regarding the arrangements in place that will be relied upon to ensure operational and strategic objectives are met.

## **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 2020-21  
Appendix 2 - Details and Outcomes of other Internal Audit Activities  
Appendix 3 - Projects and Work In Progress  
Appendix 4 - Agreed Management Actions  
Appendix 5 - Financial Year End Performance Indicators 2020-21

### **15. Background Papers**

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

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**Date: 23<sup>rd</sup> August 2021**

## Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	Policy into Practice - Honoraria & Agency Staff 19/06/2020	Reasonable	H - 0 M - 2 L - 1	Control	HR / Management / Workforce x 3 (M2, L1)	N/A
Core Services	Procurement Compliance (BMBC) 08/07/2020	Limited	H - 1 M - 10 L - 11	Governance / Risk / Control	Risk Management x 1 (M)  Contracts / Procurement / Commissioning x 14 (M 6, L 8)  Performance Management & Data Quality x 2 (M 1, L 1)  Democracy x 1 (L)  Legislative Compliance x 2 (M 1, L 1)  Partnership & Relationships X 2 (H 1, M 1)	3 x Medium – Implementation Date Elapsed & Revised Dates Provided
Core Services	Procurement Compliance (NPS Barnsley Ltd) 24/06/2020	Limited	H - 1 M - 11 L - 5	Governance / Risk / Control	Contracts / Procurement / Commissioning x 17 (H 1, M 10, L 6)  Partnership & Relationships X 1 (M)	N/A
Core Services	Payroll (under and overpayments) 16/07/2020	Reasonable	H - 0 M - 1 L - 0	Control	Financial Regulations x 1 (M)	N/A
Core Services	Main Accounting (Journals) 29/05/2020	Reasonable	H - 0 M - 1 L - 2	Control	Information Governance x 1 (L) Financial Management x 2 (M1, L1)	N/A

<b>Directorate</b>	<b>Title of Audit &amp; Date of Formal Report</b>	<b>Assurance Opinion</b>	<b>No. &amp; Priority of Implications</b>	<b>Governance / Risk / Control</b>	<b>Governance Themes</b>	<b>Follow-up Action</b>
Core Services	DPO Assurance– Cybersecurity 17/09/2020	Reasonable	H - 1 M - 2 L - 0	Governance / Risk / Control	Legislative Compliance x 1 (H) Information Governance x 2 (M)	N/A
Core Services	DPO Assurance – Incident Management 18/11/2020	Reasonable	H - 0 M - 1 L - 0	Governance / Risk / Control	Information Governance x 1 (M)	N/A
Childrens Services	Elective Home Education 11/11/2020	Reasonable	H - 0 M - 2 L - 1	Governance / Risk / Control	Information Governance x 1 (M) Partnership & Relationships x 1 (M) Performance Management & Data Quality x 1 (L)	1 x Medium – Implementation Date Elapsed & Revised Date Provided.
Childrens Services	Attendance: Fixed Penalty Notices 15/10/2020	Reasonable	H - 0 M - 2 L – 2	Governance / Risk / Control	Information Governance x 4	N/A
Core Services	Covid 19 – Emergency Funding Plan Emergency Funding Tracker	Reasonable	H - 0 M - 0 L – 0	Governance / Risk / Control	N/A	N/A
Core Services	Covid 19 – Emergency Funding Plan Adults Social Care 05/10/2020	Reasonable	H - 0 M - 3 L – 0	Governance / Risk / Control	Financial Management x 3 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Children’s Social Care 05/10/2020	Reasonable	H - 0 M - 1 L – 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Children’s Services - Early Start & Family Centres 05/10/2020	Reasonable	H - 0 M - 0 L - 0	Governance / Risk / Control	N/A	N/A
Core Services	Covid 19 – Emergency Funding Plan Public Health 05/10/2020	Reasonable	H - 0 M - 1 L – 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
<b>Directorate</b>	<b>Title of Audit &amp; Date of Formal Report</b>	<b>Assurance Opinion</b>	<b>No. &amp; Priority of Implications</b>	<b>Governance / Risk / Control</b>	<b>Governance Themes</b>	<b>Follow-up Action</b>

Core Services	Covid 19 – Emergency Funding Plan Vulnerable and High Risk	Reasonable	H - 0 M - 2 L - 1	Governance / Risk / Control	Financial Management x 1 (M) Contracts/ Procurement/ Commissioning x 1 (M) Business Continuity / Emergency Resilience x 1 (L)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: Corporate 05/10/2020	Reasonable	H - 0 M - 0 L - 1	Governance / Risk / Control	Financial Management x 1 (L)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: HR 05/10/2020	Reasonable	H - 0 M - 1 L - 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: Homelessness 05/10/2020	Reasonable	H - 0 M - 3 L - 0	Governance / Risk / Control	Contracts/ Procurement/ Commissioning x 2 (M)  Assets x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: IT 05/10/2020	Reasonable	H - 0 M - 0 L - 1	Governance / Risk / Control	Financial Management x 1 (L)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: PPE 05/10/2020	Reasonable	H - 0 M - 1 L - 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: Place 05/10/2020	Reasonable	H - 0 M - 1 L - 1	Governance / Risk / Control	Financial Management x 2 (M/L)	N/A
Core Services	Covid 19 – Emergency Funding Plan Other Services: Place - Property Services & Culture 05/10/2020	Reasonable	H - 0 M - 1 L - 0	Governance / Risk / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Emergency Funding Plan Loss of Income Projections – Place 05/10/2020	Reasonable	H - 0 M - 3 L - 2	Governance / Risk / Control	Financial Management x 5 (M 3, L 2)	N/A
Core Services	Covid 19 – Moratorium Compliance SAP Spend 05/10/2020	Reasonable	H - 0 M - 0 L - 0	Governance / Control	Financial Management x 1 (M)	N/A
Core Services	Covid 19 – Moratorium Compliance Procurement Card Spend 05/10/2020	Reasonable	H - 0 M - 0 L - 0	Governance / Control	N/A	N/A
<b>Directorate</b>	<b>Title of Audit &amp; Date of Formal Report</b>	<b>Assurance Opinion</b>	<b>No. &amp; Priority of Implications</b>	<b>Governance / Risk / Control</b>	<b>Governance Themes</b>	<b>Follow-up Action</b>

Core Services	DPO Arrangements Compliance 04/01/2021	Substantial	H - 0 M - 0 L - 3	Governance / Risk / Control	Information Governance x 3 (L)	N/A
Core Services	Preventing Illegal Working 23/11/2020	Reasonable	H - 0 M - 5 L - 0	Control	Information Governance x 5 (M)	N/A
Core Services	DPO Assurance – IG Awareness (Surveys) 14/12/2020	Reasonable	H - 1 M - 1 L - 0	Risk/ Control	Information Governance x 2 (H/M)	N/A
Public Health	Quality and Governance Arrangements 07/12/2020	Reasonable	H - 0 M - 3 L - 1	Governance / Risk / Control	Health & Safety x 1 (M) Partnership & Relationships x 2 (M 1, L 1) Performance Management & Data Quality x1 (M)	1 x Medium – Not Yet Due 1 x Medium – Target Date Elapsed & Revised Date Provided
Childrens Services	Take Up of Two Year Old Entitlement	Reasonable	H - 0 M - 3 L - 0	Control	Information Governance x 1 (M) Partnership & Relationships x 1 (M) Performance Management & Data Quality x1 (M)	N/A
Core Services	Covid19 – Isolation Payments 22/02/2021	Reasonable	H - 0 M - 2 L - 0	Risk / Control	Information Governance x 1 (M) Financial Management x 1 (M)	N/A
Childrens Service	Barugh Green Primary School (Interim Report) 19/03/2021	Reasonable	H - 0 M - 2 L - 0	Governance / Risk / Control	Information Governance x 2 (M)	N/A
Childrens Services	Youth Justice Service 07/04/2021	Limited	H - 2 M - 8 L - 1	Risk / Control	Information Governance x 1 (H) Managing People x 1 (H) Contracts/ Procurement/ Commissioning x 6 (M) Financial Management x 3 (M 2, L 1)	1 X High – Not Yet Due 8 x Medium – Not Yet Due
Adults & Communities	Local Welfare Assistance 11/08/2021	Limited	H - 0 M - 4 L - 1	Governance / Risk Control	Information Governance & Data Quality x 3 (2M, 1L) HR / Management / Workforce x 1 (M)	1 x Medium - Completed 3 x Medium – Not Yet Due
<b>Directorate</b>	<b>Title of Audit &amp; Date of Formal Report</b>	<b>Assurance Opinion</b>	<b>No. &amp; Priority of Implications</b>	<b>Governance / Risk / Control</b>	<b>Governance Themes</b>	<b>Follow-up Action</b>

Core	Financial System - Income 21/07/2021	Reasonable	H - 0 M - 1 L - 1	Governance / Risk / Control	Financial Management x 2 (M, L)	1 x Medium – Not Yet Due
Core	Financial System - Main Accounting 10/08/2021	Reasonable	H - 0 M - 2 L - 1	Governance / Risk / Control	Information Governance & Data Quality x 2 (M) Financial Management x 1 (L)	2 x Medium – Not Yet Due
Core	Financial System - Treasury Management 15/06/2021	Reasonable	H - 0 M - 0 L - 2	Governance / Risk / Control	Financial Management x 1 (L) Risk Management x 1 (L)	N/A
Core	Financial System - Non Domestic Rates 18/08/2021	Reasonable	H - 0 M - 4 L - 2	Governance / Risk / Control	Financial Management x 2 (M) Performance Management & Data Quality x 2 (M) Information Governance x 2 (L)	1 x Medium – Not Yet Due
Core	Financial System - Housing Benefits 04/08/2021	Reasonable	H - 0 M - 1 L - 1	Governance / Risk / Control	Performance Management & Data Quality x 1 (M) Information Governance & Data Quality x 1 (L)	1 x Medium – Not Yet Due
Core	Financial System - Payroll 12/08/2021	Reasonable	H - 0 M - 5 L - 4	Governance / Risk / Control	Financial Management x 4 (2M, 2L) HR / Management / Workforce x 1 (L) Information Governance & Data Quality x 3 (2M, 1L) Managing People x 1 (M)	3 x Medium – Not Yet Due
Core	Moratorium Follow Up SAP Spend 18/06/2021	Limited	H - 0 M - 1 L - 0	Risk / Control	Financial Management x 1 (M)	N/A
Core	Moratorium Follow Up Procurement Card Spend 18/06/2021	Reasonable	H - 0 M - 1 L - 0	Risk / Control	Financial Management x 1 (M)	1 x Medium – Not Yet Due
<b>Directorate</b>	<b>Title of Audit &amp; Date of Formal Report</b>	<b>Assurance Opinion</b>	<b>No. &amp; Priority of Implications</b>	<b>Governance / Risk / Control</b>	<b>Governance Themes</b>	<b>Follow-up Action</b>

Core	Council Tax - Changes of Circumstances 04/08/2021	Limited	H - 1 M - 3 L - 0	Risk / Control	Data Protection x 1 (H) Performance Management & Data Quality x 2 (M) Information Governance & Data Quality x 1 (M)	3 x Medium – Not Yet Due
Core	Data Management Policy – Compliance 19/07/2021	Reasonable	H - 0 M - 2 L – 2	Governance / Risk / Control	Information Governance & Data Quality x 4 (2M, 2L)	2 x Medium – Not Yet Due
Childrens Services	Barugh Green School 14/07/2021	Reasonable	H - 0 M - 4 L – 3	Governance / Risk / Control	Information Governance & Data Quality x 2 (M) HR / Management / Workforce x 1 (M) Legislative Compliance x 1 (M) Financial Management x 3 (L)	2 x Medium – Not Yet Due

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

Audit Work Completed	Details	Contribution to Assurance
Adults & Communities: Troubled Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.
Adults & Communities: Adult Social Cares Services	Advice, Support and Challenge to Adults and Communities during its review of 3 Services (Share Lives, Assisted Living and Brokerage).	The work contributes to assurance in respect of governance and financial management.
Core/Place: 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: 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: SMART working and Managers Toolkit	To develop the audit and assurance elements of the managers toolkit and also to attend the Working Group meetings to provide check and challenge to the process.	This work supports the Council in its objective of increased SMART working arrangements.
Core: Covid19 Income Compensation Claims	Independent validation of 2 x claims submitted to date.	The work contributes to assurance in respect of financial management.
Core: Financial Management Code	Independent check and challenge of the self assessment to measure compliance with the Code.	The work contributes to assurance in respect of financial management.
Core/Place: Covid19 Recovery and Response Strategy	Advice and Support in relation to the Council's Covid19 Recovery and Renewal Strategy.	The work contributes to assurance in respect of governance and financial management.
Core: Council Plan and Barnsley 2030	Advice and Support during the drafting and launch of the Strategic Plans.	The work contributes to assurance in respect of governance arrangements.
Core: NPS Barnsley Ltd	Advice, support and challenge during the lead up period to transfer back to the Council Services provided by NPS Barnsley Ltd.	The work contributes to assurance in respect of governance and financial management.
Childrens Services: SEND – Decision Making	A check and challenge approach to the project in terms of improvement plans and inspection readiness.	The work contributes to assurance in respect of governance and financial management.
Place: Elsecar Heritage Trust	Advice, support and challenge with regards to the Elsecar Heritage Trust.	The work contributes to assurance in respect of governance and financial management.

**Work in Progress as at 23<sup>rd</sup> August 2021**

<b>Directorate &amp; Audit Assignment</b>	<b>Status / Comment</b>
Place: Glassworks Themed Review Contract and Performance Management	Testing being completed on site
Place: Funding Review ESIF	Testing being completed on site

## Analysis of Agreed Management Actions Relating to 2020-21 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
<b>Adults and Communities</b>					
High	0				
Medium	12	3	7	2	
<b>TOTAL</b>	<b>12</b>	<b>3</b>	<b>7</b>	<b>2</b>	
<b>Place</b>					
High	0				
Medium	5		5		
<b>TOTAL</b>	<b>5</b>		<b>5</b>		
<b>Childrens Services (excl. Maintained Schools)</b>					
High	2	1	1		
Medium	17	8	8	1	
<b>TOTAL</b>	<b>19</b>	<b>9</b>	<b>9</b>	<b>1</b>	
<b>Maintained Schools</b>					
High	0				
Medium	6		4	2	
<b>TOTAL</b>	<b>6</b>		<b>4</b>	<b>2</b>	
<b>Core</b>					
High	5		5		
Medium	57	16	38	3	
<b>TOTAL</b>	<b>62</b>	<b>16</b>	<b>43</b>	<b>3</b>	
<b>Public Health</b>					
High	0				
Medium	4	1	2	1	
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>1</b>	
<b>OVERALL TOTAL</b>	<b>108</b>	<b>29</b>	<b>70</b>	<b>9</b>	
<b>%</b>		<b>27</b>	<b>65</b>	<b>8</b>	

Internal Audit Performance Indicators - Quarter Four 2020/21

Ref.	Indicator	Frequency of Report	Target 2020/21	This Period (Q4)	Year to Date
<b>1.</b>	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaire 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%	77%	71%
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	0 days	2.41 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