

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

AUDIT AND GOVERNANCE COMMITTEE – 27th JULY 2022

INTERNAL AUDIT INTERIM ANNUAL REPORT 2021-22

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 2021-22 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-based audit coverage and advisory work 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 overall framework of governance as the Council faces significant financial and operational challenges whilst 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 2022-23 is focussed on supporting management to consider the approach to controls in the context of the achievement of strategic objectives and priorities, and the major change / transformation programme ahead (e.g., Adults Social Care Funding Reform).

AUDIT AND GOVERNANCE COMMITTEE – 27th JULY 2022

INTERNAL AUDIT INTERIM ANNUAL REPORT 2021-22

1. Purpose of Report

1.1 This interim 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 interim 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 2021-22 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 report provides a summary of key issues arising from the work of Internal Audit covered in the 2021-22 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 2021-22 and the HoIAs final assurance report at its November meeting. The Audit Committee is therefore encouraged to consider this interim 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 2021-22 financial year.

4. Head of Internal Audit, Anti-Fraud and Assurance's 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** 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, it is appropriate to give an overall interim **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 governance, risk management and internal controls. 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 (with the Covid-19 pandemic still impacting 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 (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 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, 63% of the completed audits resulted in a substantial or reasonable assurance opinion compared with 91% in 2020-21 and 62% in 2019-20.
- 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 2021-22 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 2021-22 compared to three in 2020-21. 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 2021-22 no work undertaken by other auditors or any other review body has been specifically relied upon in the provision of this indicative annual overall assurance opinion.

5. Summary of Internal Audit Work and Coverage 2021-22

- 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 2021-22 audit plan were considered by the Committee at its June 2021 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 2021-22 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 2021-22 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 continued to react to and recover from the Covid-19 pandemic. 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 2021) 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 2022-23.
- 5.5 The financial year end position for core internal audit days relating to the 2021-22 plan shows a slight under delivery of 130 days, or 12%, of the original provision. This was due to vacant posts, all of which have now been filled.

Position as at 31st March 2022 – Audit Days Delivered Relating to 2021-22 Plan

| Directorate | Original 2020/21 Plan days | Revised 2020/21 Plan days | Actual days (% of revised days) |
|--|----------------------------|---------------------------|---------------------------------|
| Adults & Communities | 59 | 62 | 51 (82%) |
| Childrens Services | 85 | 82 | 80 (98%) |
| Core Services | 317 | 400 | 380 (95%) |
| Corporate | 177 | 164 | 150 (91%) |
| Council Wide | 255 | 166 | 148 (89%) |
| Place | 171 | 158 | 146 (92%) |
| Public Health | 27 | 27 | 9 (33%) |
| General Contingency | 3 | 35 | 0 |
| Barnsley MBC | 1,094 | 1,094 | 964 (88%) |
| Corporate Anti-Fraud Team | 409 | 409 | 395 (97%) |
| Barnsley MBC Internal Audit Total | 1,503 | 1,503 | 1,359 (90%) |
| Corporate Governance & Assurance | 183 | 183 | 180 (98%) |
| HolA role as DPO | 27 | 27 | 35 (130%) |
| External Clients | 959 | 959 | 729 (76%) |
| Total Chargeable Planned Days | 2,672 | 2,672 | 2,303 (86%) |

- 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 various Services (e.g. Carers, Transition for Children to Adults)
- Troubled Families claim verification
- Other various 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 Renewal Fund (Barnsley Boost) 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
- A detailed follow up of the Accounts Payable review, to provide assurance that agreed management actions have been implemented (in response to the fraud identified in June 2021)
- Advice and support in relation to procurement arrangements including attendance at the Procurement Working Group
- Advice, support and challenge at the Robotics Process Automaton Board and project leads in respect of the governance, risk and control arrangements
- 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
- Advice, support and challenge with regards to the Elsecar Heritage Railway Trust
- 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 2022-23 planned coverage.

6. Summary of Internal Control Issues Arising from Internal Audit work in 2021-22

6.1 Internal Audit has completed 21 individual reviews of aspects of the Authority's internal control framework during 2021-22 that resulted in a formal report. These 21 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. Two of the reviews did not provide for an assurance opinion (i.e. advisory basis).

- 6.2 It should be noted that 2 additional reviews are currently in progress. The aim is to have these concluded for inclusion in the final annual report to be presented to the Committee at its November 2022 meeting. Details are referenced within the work in progress section (appendix 3).
- 6.3 A summary of the assurance opinions given for the 19 reports issued that did provide for an assurance opinion are shown below together with a comparison to 2020-21 and 2019-20.

| Assurance Opinion | | 2021-22 | | 2020-21 | | 2019-20 | |
|-------------------|-------------|-----------|------------|---------|-----|---------|------|
| | | No | % | No | % | No. | % |
| Positive Opinions | Substantial | 0 | 0 | 1 | 3% | 0 | 0% |
| | Reasonable | 12 | 63 | 29* | 88% | 8 | 62% |
| Negative Opinions | Limited | 7 | 37 | 3 | 9% | 5 | 38% |
| | No | 0 | 0 | 0 | 0% | 0 | 0% |
| TOTAL | | 19 | 100 | 33 | 100 | 13 | 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 126 implications were raised. These are summarised below:

| Category | No. | % | No. | % | No. | % |
|---------------|------------|-------------|---------|------|---------|------|
| | 2021-22 | | 2020-21 | | 2019-20 | |
| High | 13 | 10% | 6 | 5% | 6 | 6% |
| Medium | 82 | 65% | 73 | 66% | 64 | 59% |
| Low | 31 | 25% | 33 | 29% | 38 | 35% |
| Total | 126 | 100% | 112 | 100% | 108 | 100% |

- 6.5 Of the 126 implications raised, these related to:-

- 63 (50%) control adequacy;
- 55 (44%) control application;
- 8 (6%) system efficiency.

This indicates that the work undertaken in year has resulted in 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 (44%) and also more efficient ways of working (6%).

6.6 Of the 13 high implications:

- 5 were raised in the Accounts Payable review;
- 3 were raised in the Declaration of Interests (Officers) review;
- 1 was raised in the Council Tax Change in Circumstances review;
- 1 was raised in the DPO Assurance Cybersecurity review;
- 1 was raised in the Publication Scheme Compliance review;
- 1 was raised in the Childrens Social Care Lone Working review, and;
- 1 was raised in the SEND Data Quality review.

In respect of the 13 high implications above, 6 have been implemented and 7 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.

6.7 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;
- Follow up of the Accounts Payable review;
- Robotics Process Automaton Project;
- DPO Assurance – Contract Clauses.

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 have been completed. 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.
- 6.12 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, particularly when considering that the Council was still 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 2021-22 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 2020/21 financial year. They were completed in 2021/22. Transactional and key control testing will cover both 2020/21 and 2021/22 financial years. The audits currently being scoped and planned will again cover both 2021/22 and 2022/23 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 2021-22 are shown in the table below:-

| Core System | Audit Coverage 2021-22* | Assurance Opinion 2020-21 | Assurance Opinion 2019-20 | Assurance Opinion 2018-19 | Assurance Opinion 2017-18 |
|---------------------------------------|-----------------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|
| | To be completed in 2022/23 | Completed in 2021/22 (App. 1) | Completed in 2020/19 | Completed in 2019/20 | Completed in 2018/19 |
| Purchase to Pay | Compliance | Advisory | Not Audited | Substantial | Adequate |
| Income | Compliance | Reasonable | Not Audited | Not Audited | Adequate |
| Council Tax | Compliance | Not Audited | Not Audited | Substantial | Not Audited |
| NDR | No Audit | Reasonable | Not Audited | | |
| Housing Benefits | Compliance | Reasonable | Not Audited | Substantial | Not Audited |
| Pay, Employee Admin & Org. Management | Full | Reasonable | Reasonable | Not Audited | Adequate |
| Main Accounting | Compliance | Reasonable | Reasonable | Not Audited | Substantial |
| Housing Rents | Compliance *** | Reasonable | Substantial | Adequate | Substantial |
| Fixed Assets | Walkthrough | No Audit | Reasonable | No Audit | No Audit |
| Treasury Management | Compliance | Reasonable | Not Audited | Not Audited | Substantial |
| Insurance | Compliance | N/A | 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 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. A Reasonable assurance has been provided for 2021-22.

Major Fraud Incident June 2021

- 6.17 The Committee was fully apprised of the incident that occurred in June 2021, the action taken in response and the outcomes of the detailed investigations. This matter was also considered and reported on by the Council's External Auditor ISA260 Report and featured in the 2020/21 Annual Governance Statement.
- 6.18 Internal Audit has continued to provide advice, support and challenge to the Accounts Payable team in relation to the implementation of the agreed management actions arising from the Internal Audit review undertaken (final report issued in September 2021). The majority of actions have (as at 30th June 2022) been implemented and there is a clearly defined action plan with responsible officers and implementation dates recorded to proactively manage the implementation of the remaining actions, which relate in the main to the development of revised responsibilities and processes following the Finance Business Unit re-structure in June 2022. All recommendations relating to key controls have been implemented. A detailed compliance review is currently

being scoped in consultation with the Head of Finance and Service Director as part of the current year's audit plan.

- 6.19 In addition, a further targeted simulated phishing exercise was also undertaken in December 2021. All Operational Finance staff 'passed' that test, highlighting a high level of awareness of the phishing threat.

Summary of Control Issues

- 6.20 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:-

- Accounts Payable – detailed review undertaken in response to the fraud identified in June 2021;
- Awareness and compliance with corporate policies (e.g. Code of Conduct – Declarations of Interest and Publication Scheme).

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.

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 2021-22
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 2021-22

15. Background Papers

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

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Date: 18th July 2022

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 |
|------------------------|--|-------------------|--|-----------------------------|--|---|
| Adults and Communities | Local Welfare Assistance / Hardship Fund 11/08/2021 | Limited | H – 0 M – 4 L – 1 Control Adequacy x 3 Control Application x 2 | G/R/C | Information Governance x 4 Managing People / Workforce / HR x 1 | 1 x Closed 3 x Not Yet Due (M) 1 x Management Assurance Process |
| Childrens Services | Return to Home/Care Services 27/01/2022 | Reasonable | H – 0 M – 3 L – 1 Control Adequacy x 2 Control Application x 2 | G/R/C | Information Governance x 2 Partnerships & Relationships x 1 Performance Management x 1 | 3 x Closed 1 x Management Assurance Process |
| Childrens Services | Lone Working 16/12/2021 | Limited | H – 1 M – 6 L – 2 Control Adequacy x 4 Control Application x 5 | G/R/C | Information Governance x 2 Safeguarding x 2 Legislative Compliance x 1 Managing People / Workforce / HR x 3 Partnerships & Relationships x 1 | 5 x Closed 2 x Not Yet Due (H/M) 2 x Management Assurance Process |
| Childrens Services | SEND Data Quality 17/03/2022 | Limited | H – 1 M – 14 L – 0 Control Adequacy x 12 Control Application x 1 Systems Efficiency x 2 | G/R/C | Performance Management x 13 Legislative Compliance x 2 | 4 x Closed 11 x Not Yet Due (H/M) |

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 2020/21: Income 12/07/2021 | Reasonable | H – 0 M – 1 L – 1 Control Adequacy x 2 | C | Financial Management x 2 | 1 x Not Yet Due (M) 1 x Management Assurance Process |
| Core Services | Financial System 2020/21: Main Accounting 10/08/2021 | Reasonable | H – 0 M – 2 L – 1 Control Adequacy x 1 Control Application x 2 | C | Information Governance x 2 Financial Management x 1 | 2 x Not Yet Due (M) 1 x Management Assurance Process |
| Core Services | Financial System 2020/21: Treasury Management 15/06/2021 | Reasonable | H – 0 M – 0 L – 2 Control Adequacy x 1 Control Application x 1 | C | Financial Management x 1 Risk Management x 1 | 2 x Management Assurance Process |
| Core Services | Financial System 2020/21: Non Domestic Rates 18/08/2021 | Reasonable | H – 0 M – 4 L – 2 Control Adequacy x 2 Control Application x 4 | C | Information Governance x 2 Financial Management x 2 Performance Management x 2 | 3 x Closed 1 x Not Yet Due (M) 2 x Management Assurance Process |
| Core Services | Financial System 2020/21: Housing Benefits 04/08/2021 | Reasonable | H – 0 M – 1 L – 1 Control Adequacy x 1 Control Application x 1 | C | Information Governance x 1 Performance Management x 1 | 1 x Closed 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 | Financial System 2020/21: Payroll 12/08/2021 | Reasonable | H – 0 M – 5 L – 4 Control Adequacy x 4 Control Application x 5 | C | Information Governance x 3 Financial Management x 4 Managing People / Workforce / HR x 2 | 5 x Closed 4 x Management Assurance Process |
| Core Services | Council Tax - Change in Circumstances 04/08/2021 | Limited | H – 1 M – 3 L – 0 Control Adequacy x 3 Control Application x 1 | G/C | Performance Management x 2 Information Governance x 1 Data Protection x 1 | 3 x Closed 1 x Not Yet Due (M) |
| Core Services | Assurance Review: Accounts Payable 16/09/2021 | N/A | H – 5 M – 22 L – 7 Control Adequacy x 13 Control Application x 17 Systems Efficiency x 4 | G/R/C | Information Governance x 5 Managing People / Workforce / HR x 4 Legislative Compliance x 1 Performance Management x 2 Financial Management x 20 Programme / Project Management x 1 Contracts/ Procurement/ Commissioning x 1 | 18 x Closed 1 x Not Yet Due (H) 8 x Not Yet Due (M) 7 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 | Covid19 – Moratorium Follow Up (SAP) 18/06/2021 | Limited | H – 0 M – 1 L – 0 Control Application x 1 | C | Financial Management x 1 | 1 x Closed |
| Core Services | Covid19 – Moratorium Follow Up (Procurement Cards) 18/06/2021 | Reasonable | H – 0 M – 1 L – 0 Control Application x 1 | C | Financial Management x 1 | 1 x Closed |
| Core Services | Data Management Policy – Compliance 19/07/2021 | Reasonable | H – 0 M – 2 L – 2 Control Adequacy x 2 Control Application x 2 | G/R/C | Information Governance x 4 | 1 x Closed 1 x Not Yet Due (M) 2 x Management Assurance Process |
| Core Services | DPO Assurance: Cybersecurity 14/07/2021 | Reasonable | H – 1 M – 2 L – 2 Control Adequacy x 1 Control Application x 2 Systems Efficiency x 2 | C | Business Continuity / Emergency Resilience x 2 Information Governance x 2 Legislative Compliance x 1 | 3 x Closed 2 x Management Assurance Process |
| Core Services | DPO Assurance: Contracts 15/11/2021 | N/A | H – 0 M – 2 L – 0 Control Application x 2 | C | Legislative Compliance x 2 | 2 x Not Yet Due (M) |

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 Lead) | Publication Scheme – Compliance 09/02/2022 | Limited | H – 1 M – 4 L – 0 Control Adequacy x 2 Control Application x 3 | G/R/C | Information Governance x 5 | 5 x Not Yet Due (H/M) |
| Council Wide (Core Lead) | Declaration of Interests – Officers 16/06/2022 | Limited | H – 3 M – 1 L – 0 Control Adequacy x 3 Control Application x 1 | G/R/C | Information Governance x 2 Anti-Fraud & Corruption x 1 Risk Management x 1 | 4 x Not Yet Due (H/M) |
| Place | Glassworks – Contract and Performance Management 09/11/2021 | Reasonable | H – 0 M – 1 L – 5 Control Adequacy x 4 Control Application x 2 | G/R/C | Information Governance x 3 Performance Management x 2 Legislative Compliance x 1 | 1 x Closed 5 x Management Assurance Process |
| Public Health | Referral Processes 07/06/2022 | Reasonable | H – 0 M – 3 L – 0 Control Adequacy x 3 | G/R/C | Safeguarding x 2 Partnerships and Relationships x 1 | 3 x Not Yet Due (M) |

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 Care Services | Advice, Support and Challenge to Adults and Communities during its review of Services. | 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 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/Place: 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/Place: 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 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: 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: 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. |
| 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 30th June 2022

| Directorate & Audit Assignment | Status / Comment |
|---|------------------|
| Place: Highways Governance and Financial Management Arrangements | Testing on site. |
| Place: Active Travel | Testing on site. |

Analysis of Agreed Management Actions Relating to 2021-22 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 |
|--|---------------------|---|-----------|---|--|
| Adults and Communities | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 4 | 0 | 3 | 1 | 0 |
| TOTAL | 4 | 0 | 3 | 1 | 0 |
| Place | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 1 | 0 | 1 | 0 | 0 |
| TOTAL | 1 | 0 | 1 | 0 | 0 |
| Childrens Services (excl. Maintained Schools) | | | | | |
| High | 2 | 1 | 0 | 1 | 0 |
| Medium | 23 | 11 | 12 | 0 | 0 |
| TOTAL | 25 | 12 | 12 | 1 | 0 |
| Maintained Schools | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 |
| Core | | | | | |
| High | 11 | 4 | 6 | 1 | 0 |
| Medium | 51 | 5 | 29 | 17 | 0 |
| TOTAL | 62 | 9 | 35 | 18 | 0 |
| Public Health | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 3 | 3 | 0 | 0 | 0 |
| TOTAL | 3 | 3 | 0 | 0 | 0 |
| OVERALL TOTAL | 95 | 24 | 51 | 20 | 0 |
| % | | 25 | 54 | 21 | 0 |

Internal Audit Performance Indicators - Quarter Four 2021/22

| Ref. | Indicator | Frequency of Report | Target 2021/22 | 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% | 75% | 73% |
| 2.3 | Average number of days lost through sickness per FTE | Quarterly | 6 days | 0 days | 0.26 day |
| 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 | Yes | Yes |