

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

**AUDIT AND GOVERNANCE COMMITTEE – 27<sup>th</sup> JULY 2022**

**INTERNAL AUDIT PROGRESS REPORT 2022/23**

**1      Purpose of this report**

- 1.1 The purpose of this report is to provide a summary of the Internal Audit activity completed, and the key issues arising from it, for the period from 1<sup>st</sup> April 2022 to 26<sup>th</sup> June 2022.

**2      Background information**

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

**3      Recommendations**

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

**4      Local Area Implications**

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

**5      Consultations**

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

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

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

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

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

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

## **8 Risk Management Considerations**

8.1 The underlying purpose of the work of Internal Audit is to address and advise on key risks facing management and, as such, risk issues are inherent in the body of the report.

8.2 The Service's own risk register includes the following risks which are relevant to this report:

- Need to ensure ongoing compliance with public sector internal audit standards
- Implementing a new structure for IA that provides the right level of skill, expertise and experience
- Capacity issues - keeping up with the pace of change

8.3 All of these risks have been assessed and remain within the tolerance of the Service.

8.4 An essential element of the control (and on-going) management of these risks is the provision of update reports to the Audit Committee and the assurance this provides.

## **9 Employee Implications**

9.1 There are no employee implications arising from this report.

## **10 Financial Implications**

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

## **11 Appendices**

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

## **12      Background Papers**

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

**Officer Contact:** Head of Internal Audit, Anti-Fraud and Assurance

**Telephone No:** 07786 525319

**Date:** 18<sup>th</sup> July 2022



# Barnsley Metropolitan Borough Council

## Internal Audit Progress Report

Audit and Governance Committee

27<sup>th</sup> July 2022

## **INTERNAL AUDIT PROGRESS REPORT 2020/21**

### **1<sup>st</sup> April 2022 to 26<sup>th</sup> June 2022**

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

This report has been prepared to inform the Audit and Governance Committee on the Internal Audit activity for the period 1<sup>st</sup> April 2022 to 26<sup>th</sup> June 2022, bringing attention to matters that are relevant to the responsibilities of the Committee.

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

#### **2022/23 Internal Audit Plan Progress**

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

#### **Position as at 26<sup>th</sup> June 2022 – Audit Days Delivered**

Directorate	Original 2022/23 Plan days	Revised 2022/23 Plan days	Actual days (% of revised days)
Adults	48	48	10 (21%)
Childrens Services	63	63	4 (6%)
Core Services	402	402	40 (10%)
Council Wide	163	163	41 (25%)
Place	179	179	43 (24%)
Public Health & Communities	28	28	8 (29%)
General Contingency	17	17	0 (0%)
Barnsley MBC	<b>900*</b>	<b>900</b>	<b>146 (16%)</b>
Corporate Anti-Fraud Team	645	645	106 (16%)
Barnsley MBC Internal Audit Total	<b>1,545</b>	<b>1,545</b>	<b>252 (16%)</b>
Corporate Governance & Assurance	255	255	43 (17%)
HolA role as DPO	25	25	6 (24%)
Corporate Days (Council related activity)	315	315	80 (25%)
External Clients	<b>885</b>	<b>885</b>	<b>198 (22%)</b>
Total Chargeable Planned Days	<b>3,025</b>	<b>3,025</b>	<b>579 (19%)</b>

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

## Position as at 26<sup>th</sup> June 2022 – Plan Assignments

Directorate	2022/23 plan assignments	Assignments expected to be completed to date	Actual Assignments completed to Date	Actual assignments completed in Period
Adults & Communities	0	0	0	0
Childrens Services	1	0	0	0
Core Services	17	0	0	0
Council Wide (Cross Cutting)	4	1	1	1
Place	6	2	0	0
Public Health	2	1	1	1
Total	30	4	2	2

NB – formal audits resulting in a report only - excludes advisory, grants etc where no report required. The two Place related reviews (Active Travel and Highways Governance and Financial arrangements) are almost completed.

### Changes to the 2022/23 Internal Audit Plan

There have been no changes to the Internal Audit plan during this period.

### Final Internal Audit reports issued

We have finalised 2 audit reports in the period. The following table provides a summary of assurances, where applicable, and the number and categorisation of agreed management actions included in the reports:

Directorate- Audit Assignment	Assurance Opinion	Number of Management Actions Agreed:			Total	Agreed
		High	Medium	Low		
Council wide (Core Lead): Declarations of Interest	Limited	3	1	0	4	4
Public Health: Referral Processes	Reasonable	0	3	0	3	3
Total		3	4	0	7	7

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

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

There was 1 audit report issued during the period that had a limited assurance opinion.

#### ***Declarations of Interest (Officers):***

The audit reviewed the governance framework in place to enable employees to declare and managers to consider and mitigate against any potential conflict of interest, with sample testing being undertaken of arrangements in directorates/business units. The audit found that the requirements of the Code of Conduct were not being consistently met, with few service areas

completing the prescribed templates to ensure that potential conflicts were declared and appropriately managed. Grant Thornton's Annual Report 2020/21 (issued 7 March 2022) also identified the need to improve the consistency of the recording and review of employees' declarations of interest.

The review identified an opportunity to improve the management of potential staff conflicts of interest by potentially incorporating an annual declaration and review process within the annual P&DR process. As part of this process, declarations and their review by line managers and approved mitigating actions could be recorded, stored and reported upon electronically, avoiding the need for paper declaration forms and registers and providing a ready source of MI on where potential conflicts have been declared across the authority, and the level of compliance with the Declaration of Interest policy.

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

<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Adults: Social Care Funding Reforms Board Attendance and Digital Project Assurance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the Council can consider and then react/comply with the funding reform requirements.	The work contributes to assurance in respect to governance and financial management.
Adults: Integrated Care	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the Council can consider and then react/comply with the joint care provision requirements.	The work contributes to assurance in respect to governance and financial management.
Adults: Social Care Governance Action Plan	To provide advice, support and challenge to management during the review of various services (e.g. carers, transition from children to adults).	The work contributes to assurance in respect to governance and financial management.
Childrens Services: Supported Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.
Core / 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 / 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.

<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Core / Place: Community Renewal Fund Board Attendance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the pilot scheme can be delivered (i.e. on time, in budget & to standard).	The work contributes to assurance in respect to contract management, governance and financial management.
Core: HR Policy	To provide advice, support and challenge to management during the review of corporate policies and procedures (including development of a policy framework).	The work contributes to assurance in respect to governance.
Core: SAP Success Factors	To continue to support the project throughout its design and implementation.	The work contributes to assurance in respect to contract management, governance and financial management.
Place: Glassworks Future Management	To support management in completing a draft management assurance framework to assist in self assessing the current governance arrangements and identify areas for improvement.	The work contributes to assurance in respect to contract management, governance and financial management.
Place: Assurance - Berneslai Homes	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist.	The work contributes to assurance in respect to governance and financial management.

### Other Internal Audit work undertaken

<b>Audit Activity</b>	<b>Description</b>
Follow-up of Agreed Management Actions	Regular work undertaken to follow-up agreed management actions made.
Attendance at Steering / Working Groups	<ul style="list-style-type: none"> <li>• Information Governance Board;</li> <li>• Commissioning, Procurement &amp; Contracts Working Group;</li> <li>• Vendor Task and Finish Group;</li> <li>• SMART Working / Managers Toolkit;</li> <li>• Barnsley 2030 / Council Plan Working Group.</li> </ul>
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding the review of the annual plan, progress of audit work, future planning and general client liaison.
Audit and Governance Committee Support	Time taken in the preparation of Audit Committee reports, Audit Committee Member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, service business continuity and health and safety.

## Work in progress

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

Directorate - Audit Assignment	Audit Stage		
	Audit Planning	Work in Progress	Draft Report
Adults – Funding Reform (Advisory)		✓	
Adults – Integrated Care (Advisory)		✓	
Adults – ASC Governance Action Plan (Advisory)		✓	
Core – CFIT Complaints (Advisory)		✓	
Core – Corporate Decision Making (Advisory)		✓	
Core – HR Policy Framework/Review (Advisory)		✓	
Core / Place – PRIP Contract (Advisory)		✓	
Place – Active Travel		✓	
Place – CRF Contract and Performance Management		✓	
Place – Elsecar Heritage Trust		✓	
Place – Highways Financial and Governance Arrangements		✓	
Place – Glassworks Management Assurance Framework (Advisory)		✓	
Childrens – Disabled Children Direct Payments	✓		
Childrens / Core – SEND Deficit Recovery and Improvement Plan	✓		
Childrens / Core – Placement Sufficiency Plan	✓		
Core – Purchase to Pay	✓		
Core – Income	✓		
Core – Main Accounting	✓		
Core – Treasury Management	✓		
Core – Council Tax	✓		
Core – Housing Benefits	✓		
Core – Payroll	✓		
Core – Fixed Assets	✓		
Core – Insurance Arrangements	✓		
Core – Housing Support Grant Arrangements (Interim/Final Claim)	✓		
Core – People Strategy	✓		
Council Wide – AGR Review Process	✓		
Council Wide – Data Retention and Records Management	✓		
Council Wide – Strategic Risk, Concerns and Issues Management	✓		
DPO Assurance – Incident Management	✓		
DPO Assurance – Cybersecurity	✓		
DPO Assurance – DPIA Follow Up	✓		
Place – Zero Carbon	✓		

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

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

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

Implication Categorisation	Followed Up in Period	Completed	Not yet completed – Revised date agreed	Not yet completed – Awaiting management update
<b>Adults &amp; Communities</b>				
<b>High</b>	0	0	0	0
<b>Medium</b>	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Place</b>				
<b>High</b>	0	0	0	0
<b>Medium</b>	5	4	1	0
<b>TOTAL</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>0</b>
<b>Childrens Services (excl. Maintained Schools)</b>				
<b>High</b>	1	0	0	1
<b>Medium</b>	1	0	1	0
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Maintained Schools</b>				
<b>High</b>	0	0	0	0
<b>Medium</b>	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Core</b>				
<b>High</b>	3	2	1	0
<b>Medium</b>	20	4	16	0
<b>TOTAL</b>	<b>23</b>	<b>6</b>	<b>17</b>	<b>0</b>
<b>Public Health</b>				
<b>High</b>	0	0	0	0
<b>Medium</b>	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OVERALL TOTAL</b>	<b>30</b>	<b>10</b>	<b>19</b>	<b>1</b>
<b>% of TOTAL</b>		<b>33</b>	<b>63</b>	<b>4</b>

## **Internal Audit performance indicators and performance feedback for Quarter 1 - 2022/23**

Internal Audit's performance against a number of indicators is not yet due for quarter one of 2022-23. The performance for quarter four of 2021-22 is included within the Head of Internal Audit's Annual report, which is included on the Committee's agenda.

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

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

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

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Assurance Opinion	Reasonable			

Consideration of our overall opinion takes the following into account:

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

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

Contact	Title	Contact Details
Rob Winter	Head of Internal Audit, Anti-Fraud and Assurance	Tel: 07786 525319 Email: robwinter@barnsley.gov.uk
Sharon Bradley	Internal Audit Manager	Tel: 07795 305846 Email: sharonbradley@barnsley.gov.uk

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

### **1. Classification of Management Actions**

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

### **2. Assurance Opinions**

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