

**AUDIT COMMITTEE – 2<sup>nd</sup> DECEMBER 2020**

**INTERNAL AUDIT PROGRESS REPORT 2020/21**

**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> July 2020 to 15<sup>th</sup> November 2020.
- 1.2 To provide information regarding the performance of the Internal Audit function during the period.

**2 Background information**

- 2.1 The Audit 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 our 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 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, and;**
  - iii. **noting the progress against the Internal Audit plan for 2020/21 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 operational risk register includes the following risks which are relevant to this report:
- Ensuring the appropriate use of and management of, information to inform and direct internal audit activities;
  - Able to provide a flexible, high performing and innovative service; and
  - Ensuring continuously high levels of customer satisfaction.
- 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:** 01226 773241

**Date:** 20<sup>th</sup> November 2020

# **Barnsley Metropolitan Borough Council**

## **Internal Audit Progress Report**

**Audit Committee**

**2<sup>nd</sup> December 2020**

## INTERNAL AUDIT PROGRESS REPORT 2020/21

### 1<sup>st</sup> July to 15<sup>th</sup> November 2020

#### Purpose of this report

This report has been prepared to inform the Committee on the Internal Audit activity for the period 1<sup>st</sup> July to 15<sup>th</sup> November 2020, bringing attention to matters that are relevant to the responsibilities of the Authority's Audit Committee.

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

#### 2020/21 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 15th November 2020 – Audit Days Delivered

Directorate	Original 2020/21 Plan days	Revised 2020/21 Plan days	Actual days (% of revised days)
Adults & Communities	68	56	23 (41%)
Childrens Services	166	152	94 (62%)
Core Services	386	460	340 (74%)
Corporate	133	133	212 (159%)
Council Wide	140	140	97 (69%)
Place	167	139	50 (36%)
Public Health	48	33	28 (85%)
General Contingency	26	21	N/A
<b>Barnsley MBC</b>	<b>1,134</b>	<b>1,134</b>	<b>844 (74%)</b>
Corporate Anti-Fraud Team	600	600	341 (57%)
<b>Barnsley MBC Internal Audit Total</b>	<b>1,734</b>	<b>1,734</b>	<b>1185 (68%)</b>

HolA role as Head of Assurance	210	210	110 (52%)
HolA role as DPO	35	35	21 (60%)
<b>Sub Total</b>	<b>245</b>	<b>245</b>	<b>131 (53%)</b>

<b>External Clients</b>	<b>1,043</b>	<b>1,043</b>	<b>456 (44%)</b>
-------------------------	--------------	--------------	------------------

<b>Total Chargeable Planned Days</b>	<b>3,022</b>	<b>3,022</b>	<b>1772 (59%)</b>
--------------------------------------	--------------	--------------	-------------------

**NB – Core includes all unplanned Covid19 related assurance work that covers assurance activity across all Directorates.**

**Corporate includes days where the Team have supported other services (i.e. redeployment).**

## Position as at 15<sup>th</sup> November 2020 – Plan Assignments

Directorate	2020/21 plan assignments*	Assignments expected to be completed to date	Actual assignments completed
Adults & Communities	3	0	0
Childrens Services	5	3	2
Core Services	39 **	25	22
Place	5	0	0
Public Health	1	1	0
<b>Total</b>	<b>53</b>	<b>29*</b>	<b>24**</b>

\* Incl. c/fwd from 2019/20.

NB – excludes advisory, grants etc where no report required.

\*The variance of 5 assignments completed is due to the draft reports not yet being discussed and agreed with management (meetings scheduled).

\*\*A total of 20 final reports issued in this period, with 4 being issued in the previous reporting period.

### Changes to the 2020/21 Internal Audit Plan

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.

The plan has been revised during the period, in consultation with individual DMTs and SMT, to re-prioritise audit resources to ensure focussing on priority areas (following assessment of the impact of Covid19). The main changes being:

#### **New (Unplanned):**

- Adults & Communities – Assisted Living Service;
- Adults & Communities – Brokerage Service;
- Core (Council Wide) – Covid 19:
  - Advice;
  - Emergency Funding Plan Assurance;
  - Moratorium Compliance and Moratorium Follow Up;
  - Recovery & Resilience
  - Local Welfare Assistance;
  - Isolation Payments;
  - Income Compensation Scheme
- Core – Legal Services: Service Standards;
- Core – Leaseholder Agreements;
- Core – CFIT;

- Place - URBACT Grant: External Assessment;
- Place – LTP Capital Grant Claim;
- Place - Elsecar Heritage Railway Trust;
- Place – Berneslai Homes Liaison (Operational Board).

### Deferred / Cancelled:

Core – Inclusive Growth (deferred);

Core – Integrated Care (deferred);

Place – SAP and the new PRIP Rates User Acceptance Testing (cancelled);

Place – Carbon Reduction Commitment Energy Efficiency Scheme (cancelled);

Public Health – Information Governance: Compliance (deferred);

Public Health – Regulatory Services: Petty Cash Arrangements (cancelled).

\*\* The Core Financial Systems Strategy has been agreed in principle with the Heads of Finance and a meeting scheduled with the Service Director Finance (S151 Officer) to discuss and agree the 6 potential reviews (included in the assignment figures in the above table).

### Final Internal Audit reports issued

We have finalised 20 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 these reports:

Directorate- Audit Assignment	Assurance Opinion	Number of Management Actions Agreed:			Total	Agreed
		High	Medium	Low		
Core – DPO – Cybersecurity	Reasonable	1	2	0	3	3
Core – DPO – Incident Management	Reasonable	0	1	0	1	1
Childrens Services – Elective Home Education	Reasonable	0	2	1	3	3
Childrens Services – Attendance: Fixed Penalty Notices	Reasonable	0	2	2	4	4
Core – Covid 19 – Emergency Funding Plan ( <b>14 individual reports</b> )	Reasonable	0	17	6	23	23

Directorate- Audit Assignment	Assurance Opinion	Number of Management Actions Agreed:			Total	Agreed
		High	Medium	Low		
Core – Covid 19 – Moratorium Compliance ( <b>2 individual reports</b> )	Reasonable	0	1	0	1	1
Total		1	25	9	35	35

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

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

There were no audit reports issued during the period that had a limited assurance opinion (included in the above table).

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

Audit Work Completed	Details	Contribution to Assurance
Communities: Troubled 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 and to the required 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.
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 – URBACT Grant Claim External Assessment	Support to the Business Unit during an external assessment by the European Auditors (EY).	The work contributes to assurance in respect of financial management.



<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Place – LTP Capital Grant Claim	Independent validation of the capital grant claim and declaration to the SCRMCAs.	The work contributes to assurance in respect of 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>• SMART Working / Managers Toolkit;</li> <li>• Glassworks Board;</li> <li>• Public Health Quality &amp; Governance Group;</li> <li>• SEND Improvement Group</li> <li>• ALMO Operational Liaison Board</li> <li>• Covid19 Recovery and Resilience.</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 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:

<b>Directorate- Audit Assignment</b>	<b>Audit Planning</b>	<b>Work in Progress</b>	<b>Draft Report</b>
Core – DPO Arrangements Compliance			✓
Core – Preventing Illegal Working			✓
Core – DPO Assurance – IG Awareness (Surveys)			✓
PH – Quality and Governance Arrangements			✓
Childrens – Take Up of Two Year Old Entitlement			✓
A&C – Local Welfare Assistance Scheme		✓	

Directorate- Audit Assignment	Audit Planning	Work in Progress	Draft Report
A&C - Assisted Living Service		✓	
A&C - Shared Lives Process Review		✓	
A&C - Brokerage Service		✓	
A&C - Barnsley Community Voluntary Sector		✓	
Core – Data Management Policy Compliance		✓	
Core – Legal Services – Service Standards		✓	
Core - CFIT		✓	
Childrens – SEND Improvement Governance		✓	
Childrens – Youth Justice Service		✓	
Place – Elsecar Heritage Trust		✓	
Place – NPS Governance and Contract Arrangements		✓	
Core – DPO Assurance - Contracts	✓		
Core – Covid19 - Moratorium Follow Up	✓		
Core – Covid19 – Tier 2, Tier 3 and Discretionary Business Grants	✓		
Core – Covid19 – Income Compensation Returns	✓		
Core – Covid19 – Isolation Payments	✓		
Core – Charity Accounts	✓		
Core – Leaseholder Agreements	✓		
Childrens – Trust Executive Group and Wider Partnerships	✓		
Place – Glassworks Contract and Performance Management	✓		

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

As previously reported to members, 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. This is in addition to the performance reports currently presented to SMT.

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

Recommendation/ Implication Categorisation	Original Target Date in Period	Completed	Not yet completed – Revised date agreed	Not yet completed – Awaiting management update
<b>Adults &amp; Communities</b>				
Fundamental/High	0	0	0	0
Significant/ Medium	4	4	0	0
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>
<b>Place</b>				
Fundamental/High	0	0	0	0
Significant/ Medium	3	3	0	0
<b>TOTAL</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Childrens Services (excl. Maintained Schools)</b>				
Fundamental/High	5	5	0	0
Significant/ Medium	12	4	8	0
<b>TOTAL</b>	<b>17</b>	<b>9</b>	<b>8</b>	<b>0</b>
<b>Maintained Schools</b>				
Fundamental/High	0	0	0	0
Significant/ Medium	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Core</b>				
Fundamental/High	1	1	0	0
Significant/ Medium	19	12	7	0
<b>TOTAL</b>	<b>20</b>	<b>13</b>	<b>7</b>	<b>0</b>
<b>Public Health</b>				
Fundamental/High	0	0	0	0
Significant/ Medium	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OVERALL TOTAL</b>	<b>44</b>	<b>29</b>	<b>15</b>	<b>0</b>
<b>% of TOTAL</b>		<b>66</b>	<b>34</b>	<b>0</b>

## Internal Audit performance indicators and performance feedback for Quarter 2 - 2020/21

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

Ref.	Indicator	Frequency of Report	Target 2020/21	This Period (Q2)	Year to Date
<b>1.</b>	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaires received noted "good" or "very good" relating to work concluding with an audit report.	Quarterly	95%	100% (3 responses)	100% (8 responses)
<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%	71%	71%
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	0.45 day	0.45 day
<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

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

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

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

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Assurance Opinion	Reasonable	Reasonable		

Consideration of our overall opinion takes the following into account:

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

### **Fraud, Investigations and the Corporate Anti-Fraud Team**

The Audit Committee receives a separate report covering the detail of fraud and irregularity investigations undertaken, the preventative work and the general activities and work plan of the Corporate Anti-Fraud Team.

### **Audit Contacts**

Contact	Title	Contact Details
Rob Winter	Head of Internal Audit, Anti-Fraud and Assurance	Tel: 01226 773241 Mobile: 07786 525319 Email: robwinter@barnsley.gov.uk
Sharon Bradley	Audit Manager	Tel: 01226 773187 Mobile: 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.