



TO: Audit & Governance Committee

FROM: Head of Audit & Assurance

DATE: 28 June 2022

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: Audit & Assurance - Progress and Outcomes to 31 May 2022

1. PURPOSE

To inform Committee Members of the achievements and progress made by Audit & Assurance in the period from 1 March 2022 to 31 May 2022.

2. RECOMMENDATIONS

The Committee is asked to:

- discuss, review and challenge the outcomes achieved to 31 May 2022 against the annual Audit & Assurance Plan 2022/23, as approved by the Committee on 29 March 2022.

3. BACKGROUND

The internal audit function is required to comply with the Public Sector Internal Audit Standards (PSIAS).

The PSIAS require the Head of Internal Audit to communicate any significant governance, risk management and control issues identified to the Audit Committee during the year. This Progress and Outcomes report complies with the requirements of the PSIAS by communicating any significant issues identified by the internal audit team during the year.

The work completed to date has not identified any significant governance, risk management or control issues to bring to the Committee's attention at this time. However, the Committee should consider the information provided in the following sections regarding the work carried out during the period and the summary of issues in respect of the limited assurance audit noted.

4. RATIONALE

The Council is required under the Accounts and Audit (England) Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards (PSIASs).

The work undertaken throughout the year is intended to ensure that:

- an objective and independent opinion can be provided at the year-end which meets the PSIAS and statutory governance requirements;
- it demonstrates the effectiveness of the internal audit function; and
- support is provided to Members, Directors and managers for their particular

areas of responsibility throughout the year.

5. KEY ISSUES

Outcomes achieved in the year to 31 May 2022:

Corporate Governance and Risk

The table below summarises the eight “red” strategic priority areas/issues across the departments, by key themes, which have been identified in the summary Director Exception/Dashboard Report and Assurance Statements as at 31 March 2022.

The table shows the seven “red” priorities that have remained as areas of concern from 30th September 2021, and also includes one area of concern previously identified as “amber” that has now been upgraded (U below) to “red” in the period. There are also four areas of concern previously identified as “red” that have now been downgraded (D below) to “amber” in the period.

No	Theme / Description	2021/22	2020/21
		31st March Year End	30 th September Half Year
Demand Management			
1	Fostering Sufficiency (Children’s Services)	Red	Red
2	School Placements (Children’s Services)	Red	Red
3	Deprivation of Liberty Safeguards (Legal & Governance)	Red	Red
	Winter Pressures (Adults & Prevention)	Amber ^(D)	Red
Budgets & Finance			
4	Increase Contract Costs (Adults & Prevention)	Red	Red
5	Budget and Demand Pressures - Social Work Demand Costs and externally commissioned Placements. (Children Services)	Red	Red
6	School Deficits - Local Authority maintained schools were showing deficit balances on their reserves. (Children Services)	Red	Red
7	Budget Pressures - Income Shortfalls. (Environment & Operations)	Red	Red
	Ensure strong budget management via full open	Amber ^(D)	Red

	transparent processes and QA framework. (Adults & Prevention)		
	Adult Social Care Budget Pressures. Increased demand and complexity coupled with increase in commissioning rates plus CV-19 related costs. (Adults & Prevention)	Amber ^(D)	Red
Staffing/ HR			
8	Sickness Absence (Corporate)	Red ^(U)	Amber
	Data Subject Access Requests (Children Services)	Amber ^(D)	Red

Counter Fraud Activity

National Fraud Initiative (NFI)

A total of 5,835 data matches were received from the Cabinet Office in January 2021 as part of the 2020/21 National Fraud Initiative exercise (NFI 2020/21), across various Council datasets. To date, 1,641 matches have been processed and a further 12 follow-ups are ongoing. To date, 1,050 errors have been identified resulting in total savings of £95,681, and arrangements are in place to recover this money from the individuals concerned where applicable. The table below sets out the areas of activity and the savings that have been identified so far.

Summary of Results

Area	No. of Errors	Value (£)
Benefits (Housing/Council Tax Support)*	23	£43,507
Resident Parking Permits**	1	£0
Blue Badge Parking Permits***	50	£28,750
Concessionary Travel Passes****	976	£23,424
TOTAL	1,050	£95,681

* Includes Cabinet Office 'forward estimate savings' figures

** Residents parking permits cancelled and system updated as a result of NFI information

*** The value attached to the Blue Badges Parking Permits has been determined by the Cabinet Office, which considers the average loss of fraud/error to be £575 per case. These permits have either been recovered and destroyed or are in the process of being recovered.

**** The value attached to the Concessionary Travel Passes has been determined by the Cabinet Office, which considers the average loss of fraud/error to be £24 per case. These passes have been cancelled and can no longer be used.

Internal Audit

A summary of the 5 audits completed and finalised since the last report to Committee are detailed below:

Risk, Control & Governance Reviews	Assurance Opinion		Recommendations Agreed
	Environment	Compliance	
Personalised Budgets/Direct payments	Adequate	Limited	9
Covid Protect & Vaccinate Grant	Substantial	Substantial	2
Appointment & Payment of Legal Counsel	Adequate	Adequate	5
Off Payroll Engagement	Adequate	Adequate	2
Agency Staff Contract Procurement & Management	Adequate	Adequate	6

A brief commentary on the audit assignment where we have provided a part limited assurance opinion is set out below.

Personalised Budgets/Direct Payments - The final report provided an **adequate** opinion for the control environment in place and **limited assurance** regarding compliance with the controls identified in respect of the areas covered during the review. Recommendations made included ensuring :

- that planned reviews of care plans are undertaken;
- evidence of compliance with the authorisation process agreements is retained including signed and dated agreement forms;
- scheduled audits and banks statement checks are carried out; and
- monitoring and recovery of accrued payments over the approved contingency limit.

During the period, Audit & Assurance staff have also completed a review to enable the Covid 19 Protect & Vaccinate Grant certification requirements to be complied with. The grant estimate and actual spend returns were signed by the Chief Executive and Head of Audit & Assurance.

Staff have also completed a number of other activities during the period. These include:

- a review and update of the Counter Fraud Policy Statement and related Strategy;
- the co-ordination and collocation of the 2021/22 Annual Governance Statement and Risk Management Annual Report;
- The Audit & Governance Committee 2021/22 Annual Report;
- the annual Head of Audit Opinion and Counter Fraud Reports; and
- the year-end Management Accountability Framework Directors dashboard Report review and challenge, including a review of corporate and departmental risk registers.

Current internal audit reviews

In addition to the above completed audits, the following reviews are ongoing:

- IT Business Continuity/Disaster Recovery;
- Highways Inspection – Walls & Structures;
- Section 17 Payments/Financial Support for Families;
- iTrent Implementation Testing;
- Retail Hospitality & Leisure and Small Business Rate Covid Grants;
- Council Tax Rebate – Energy Costs;
- Software Licensing;
- Budget Setting Arrangements;
- Corporate Governance Arrangements;
- Departmental Governance;
- East Z East Lease Follow-up;
- Asset Management Arrangements;
- Planning Enforcement; and
- Sport England Grant Management Arrangements.

Internal Audit Performance

The Departmental Business Plan includes seven targets to achieve our strategic aims. The defined targets and actual performance for the latest period and the previous period are as follows:

Performance Measure	Target	Q1 2022/23	Q4 2021/22
1. Delivery of Priority 1 Audits (Annual)	100%	N/A	100%
2. Planned Audits Completed Within Budget	90%	80%	36%
3. Final Reports Issued Within Deadline	90%	100%	100%
4. Follow Ups Undertaken Within Deadline	90%	100%	100%
5. Recommendations Implemented	90%	82%	86%
6. Client Satisfaction	75%	100%	100%
7. Compliance with PSIAS (Annual)	95%	100%	100%

We have provided a brief commentary on the measure where performance in the period has fallen below the agreed target:

2. Planned Audit Completed Within Budget

One of the five audits completed during the period required additional time due to the remote working arrangements that the Council had in place during the period;

5. Recommendations implemented

Fifty-eight of the 71 recommendations due for implementation on or before 31 May 2022 (82%) had been fully or partly implemented. Progress of the outstanding recommendations was been delayed due a variety of reasons including:

- Delay due to staffing changes and pending system developments;
- Proposed changes to partnership changes awaiting approval which impacted

on the recommendations made;

- Budget constraints; and
- Delays due to Covid.

One outstanding recommendation graded as 'must', relating to annual stock checks, had not been implemented at the time of the follow up. These had been delayed due Covid and were diarised to be carried out the week following the follow up response.

6. POLICY IMPLICATIONS

The delivery of the Plan leads to the Annual Internal Audit Opinion Report and this, in turn, contributes directly to the Annual Governance Statement.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

8. LEGAL IMPLICATIONS

There are no legal implications arising as a result of this report.

9. RESOURCE IMPLICATIONS

There are no resource implications arising as a result of this report.

10. EQUALITY & HEALTH IMPLICATIONS

There are no equality or health implications arising as a result of this report.

11. STATEMENT OF COMPLIANCE

The recommendations in this report are made further to advice from the Monitoring Officer. The Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. CONSULTATIONS

Directors

Contact Officer: Colin Ferguson, Head of Audit & Assurance– Ext: 5326

Date: 17 June 2022

Background Papers: Audit & Assurance Plan 2022/23, approved by the Audit & Governance Committee on 29 March 2022.