



TO: Audit & Governance Committee

FROM: Head of Audit & Assurance

DATE: 2 March 2023

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: **Audit & Assurance - Progress and Outcomes to 31 January 2023**

1. PURPOSE

To inform Committee Members of the achievements and progress made by Audit & Assurance in the period from 1 November 2022 to 31 January 2023.

2. RECOMMENDATIONS

The Committee is asked to:

- discuss, review and challenge the internal audit outcomes achieved to 31 January 2023 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 January 2023:

Counter Fraud Activity

National Fraud Initiative (NFI)

The Council takes part in a bi-annual data matching exercise which is administered by the Cabinet Office. Having submitted all the required datasets on time the Council has recently received the output from these reports.

In total, 5,911 data matches have been received and include queries in the following areas:

- Housing Benefit;
- Payroll;
- Blue Badge parking permits;
- Creditors payments; and
- Procurement.

Appropriate action will now be taken to review and progress these data matches, in liaison with colleagues in relevant departments.

Committee Members will be provided with progress updates in due course.

Internal Audit

A summary of the 14 audits completed and finalised since the last report to Committee are detailed below:

Risk, Control & Governance Reviews	Assurance Opinion		Recommendations Agreed
	Environment	Compliance	
Children's Centres	Adequate	Adequate	4
Children's Services Protocol ICS System	Adequate	Adequate	7
Disabled Facilities Grant - Children's Services	Adequate	Adequate	7
Business rates/NNDR	Substantial	Substantial	1
iTrent Implementation Testing	Adequate	Limited	3
Main Accounting System Reconciliation Processes Q2	N/A	N/A	2
New CIPFA Financial Management Code	Substantial	Substantial	1
Legal Case Management	Adequate	Adequate	7
Planning Enforcement	Substantial	Substantial	1
Lower Darwen Primary School	Limited	Limited	22

St Gabriel's CE Primary School	Adequate	Adequate	17
Longshaw Infants School	Adequate	Adequate	21
St Edwards RC Primary School	Limited	Adequate	24
Audley Infants School	Adequate	Adequate	19

Brief commentaries on the audit assignments where we have provided a limited assurance opinion are set out below for consideration.

iTrent Implementation Testing - The final report provided an **adequate** opinion for the control environment in place and **limited** assurance regarding compliance with the controls and procedures in place for the migration of data.

The review recognised that there was an appropriate governance structure in place to manage the project. The findings leading to the limited compliance opinion related to the formal documentation and retention of evidence relating to project decision making, and testing and reports relating to the system implementation and migration.

Lower Darwen Primary School - The final report provided a **limited assurance** opinion in respect of both the control environment in place within the school and compliance with the controls identified in respect of the eleven areas covered during the visit. We made 22 recommendations across these areas, including nine graded as 'must'. These recommendations relate to strengthening the existing control framework in place and ensuring compliance with those controls identified.

St Edwards RC Primary School - The final report provided a **limited assurance** opinion in respect of the control environment in place within the school and adequate assurance in respect of compliance with those controls we identified as being in place. We made 24 recommendations across the eleven areas covered by the audit, including ten graded as 'must'. These recommendations relate to strengthening the existing control framework in place, particularly in respect of school policies, expenditure controls and recording and checking of school assets.

Internal Audit staff have also continued to provide advice and support to departments and schools during the period. These have include queries from schools relating to BACS payments and the use of debit cards.

Current internal audit reviews

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

- Budget Setting and Monitoring;
- Fostering Recruitment and Payments to Foster Carers;
- Public Health Contracts & Commissioning ;
- Performance Indicators/Data Quality;
- Value for Money Audit;
- Regulation of Investigatory Powers Act (RIPA) Processes and Procedures;
- Inspections of Homes of Multiple Occupancy;
- Housing Benefits;
- Payroll Core System;

- Adults Client Case Management Processes; and
- Sport England Grant Management Arrangements;

Internal Audit Performance

The Audit & Assurance team have seven performance targets which we monitor relating to our strategic aims. The target and actual performance for the current and previous periods for each measure are as follows:

Performance Measure	Target	Q3 2022/23	Q2 2022/23
1. Delivery of Priority 1 Audits (Annual)	100%	N/A	N/A%
2. Planned Audits Completed Within Budget	90%	43%	76%
3. Final Reports Issued Within Deadline	90%	100%	100%
4. Follow Ups Undertaken Within Deadline	90%	100%	100%
5. Recommendations Implemented	90%	96%	92%
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

Eight of the 14 audits completed during the period required additional time due to the following:

- remote working arrangements that the Council had in place during the period (5 schools);
- additional time for planning, preparation and testing for new audit areas Protocol and Planning Enforcement); and
- additional time carrying out audit testing and liaising with the department to finalise the report (iTrent).

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: 21 February 2023

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