



TO: Audit & Governance Committee

FROM: Head of Audit & Assurance

DATE: 14 January 2020

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: **Audit & Assurance - Progress and Outcomes to 30 November 2019**

1. PURPOSE

To inform Committee Members of the achievements and progress made by Audit & Assurance in the period from 1 October 2019 to 30 November 2019.

2. RECOMMENDATIONS

The Committee is asked to:

- discuss, review and challenge the outcomes achieved to 30 November 2019 against the annual Audit & Assurance Plan, which was approved by Committee on 16 April 2019.

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 that have been identified 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 in their particular

areas of responsibility throughout the year.

5. KEY ISSUES

Outcomes achieved in the year to 30 November 2019:

Counter Fraud Activity

National Fraud Initiative

A total of 4,716 data matches were initially received from the Cabinet Office in February as part of the 2018/19 National Fraud Initiative exercise (NFI 2018/19). An initial sift of these matches has been carried out to ensure that follow up action is taken where appropriate. To date, 545 matches have been processed and a further 173 investigations are ongoing. A total of 71 errors have been found to date resulting in savings of £130,900 and arrangements are in place to recover this money from the individuals concerned. The table below illustrates main areas of activity, and where savings have been identified.

A further 636 matches were received in August 2019 following comparisons made with HMRC data. These matches are currently being reviewed by staff within the Revenues & Benefits section.

Summary of Results

Area	No. of Errors	Value (£)
Benefits (Housing/Council Tax Support)	29	£55,298
Private Residential Care Homes	28	£75,602
Resident Parking Permits*	14	-
TOTAL	71	£130,900

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

The Council received additional reports from the Cabinet Office in February, March and August 2019, which included 9,005 Council Tax Single Person Discount data matches for further review. The reports were generated after council tax records were matched with various data sets, including the electoral register and HMRC records. The matches indicate that entitlement to Single Person's Discount is incorrect and further enquiries need to be made. The reports have been forwarded to the Revenues section for follow up and further action. To date 47 of these matches have been processed and a further 28 investigations are ongoing. The table below illustrates the results to date on these matches:

Area	No. of Errors	Value (£)
Council Tax Single Person Discount	23	£7,065

Other investigations

Audit & Assurance is continuing to liaise with the Police regarding two separate cases of suspected overpayments in respect of social care clients who are in receipt of Direct Payments for their care provision. One of these cases is listed for trial at Crown Court in April 2020.

Corporate Governance and Risk

Director Exception/Dashboard Report and Assurance Statement Half-Year Update

The table below summarises the 13 “red” priority areas/issues across the departments, by key themes, identified in the summary Director Exception/Dashboard Report and Assurance Statements for the first half of the year, as at 30 September 2019.

This includes ten red priorities that have remained areas of concern from 31 March 2019, two areas that have been upgraded to red at the half-year (U below) and there is one new area (N below) which is red for the first time. There are also two areas of concern previously identified as red that were downgraded to green in the period (D below).

		2019/20	2018/19
No	Theme / Description	30 th September Half Year	31st March Year End
Demand Management			
1	Improve Integrated Discharge Pathways (Adults & Prevention)	Red _(U)	Amber
2	Crime Figures (Adults & Prevention)	Red	Red
3	Contextual Safeguarding – The development of a multi-agency response. (Children’s Services)	Red	Red
4	Fostering and Adoption Placement Sufficiency. (Children’s Services)	Red	Red
5	Social Worker Workload and Capacity (Children’s Services)	Red	Red
	Ofsted’s Inspection Framework Implementation (Children’s Services)	Green _(D)	Red
6	Compliance with GDPR, including Data Subject Access Requests (Digital & Business Change and Children Services)	Red	Red
Budgets & Finance			
7	Adult Social Care Budget Pressures. Increased demand and complexity coupled with increase in commissioning rates. (Adults & Prevention)	Red	Red
8	Potential increase in contract costs for sheltered housing and LD supported living framework (Adults and Prevention)	Red _(U)	Amber
9	Performance against targets for the European Structural & Investment funded project. (Adults & Prevention)	Red	Red
10	Budget and Demand Pressures - Social Work Demand Costs and	Red	Red

	Out of Borough Placements. (Children Services)		
11	School Deficits - Local Authority maintained schools were showing deficit balances on their reserves. (Children Services)	Red _(N)	-
	Budget Pressures - Increased Waste Costs and Parking Oncome. (Environment & Operations)	Green _(D)	Red
Staffing/ HR			
12	Capacity and direction to provide strategic capacity/analysis to SLT and the wider department. (Adults & Prevention)	Red	Red
13	Sickness Absence (Adults & Prevention)	Red	Red

Internal Audit

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

Risk, Control & Governance Reviews	Assurance Opinion		Recommendations Agreed
	Environment	Compliance	
Roe Lee Park Primary School	Substantial	Substantial	9
Avondale Primary School	Adequate	Adequate	12
Adults Client Care Assessment/Case Management and Payments	Adequate	Adequate	6
Budget Setting & Control	Substantial	Substantial	3

In addition to the above audit reviews, Audit & Assurance staff have also carried out the review and challenge of the half year Directors' Dashboard Exception reports and supported the PAM challenges meetings with the Chief Executive and Directors.

Current internal audit reviews

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

- Social Determinants of Health/Public Health Internal Spend;
- Overtime/Additional Hours;
- Adults Client Care System (Mosaic) – Access Controls
- Main Accounting System;
- Information Governance;

- New Section 106 Procedures;
- Pupil Transport;
- Highways Maintenance – Procurement;
- Young Peoples Service – Educational Visits Risk Assessments;
- Sundry Debtors;
- Protocol System – Access Controls;
- Arrangements for the Use of the Contractor & Development Framework;
- ResourceLink Aurora System Access Controls;
- Apprenticeship Levy; and
- Police & Crime Commissioner Grant.

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	Q3 2019/20	Q2 2019/20
1. Delivery of Priority 1 Audits (Annual)	100%	N/A	N/A
2. Planned Audits Completed Within Budget	90%	50%	75%
3. Final Reports Issued Within Deadline	90%	100%	100%
4. Follow Ups Undertaken Within Deadline	90%	100%	100%
5. Recommendations Implemented	90%	100%	84%
6. Client Satisfaction	75%	100%	100%
7. Compliance with PSIAS (Annual)	95%	N/A	N/A

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

2. Planned Assignments Completed Within Budget

Two of the four audits, (50%), completed in the period were over budget. Additional time was required to complete the two primary school audits as the staff involved included a new member of staff. Extra time was required for familiarisation and training on the areas covered in the audits.

Audit & Assurance Plan 2019/20 – In Year Review

As previously reported to this Committee, changes to the approved Audit & Assurance Plan are submitted to the Committee for consideration when they become necessary. Changes are now required because of the following emerging issues:

Resources – we estimated that Audit & Assurance would have staff resources amounting to 786 days for the delivery of the Audit & Assurance Plan, as reported approved by the Committee on 16 April 2019. This comprised of 677 days for internal audit, 51 days for risk/governance and 58 days for fraud. However, we now anticipated that Audit & Assurance will now only be able to deliver 684 days (584 days for internal audit, 45 days for risk/governance and 55 days for fraud). The shortfall in days has arisen due to a delay in recruiting to the vacant Internal Auditor

post (and associated recruitment activity required in filling this post), additional time required for on the job training of new staff and support for the Insurance team relating to the upgrade of the claims management software.

Audit & Assurance has proposed revisions to the Audit & Assurance Plan, which will allow it to provide an opinion on the Council's framework of governance, risk management and internal control. This revision will ensure that the highest priority (priority 1) audits will be completed in 2019/20. The lower priority audits will be delayed, to start at the end of the current financial year or deferred and considered for inclusion in the Audit & Assurance Plan 2020/21.

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. CONSULTATIONS

Directors

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

Date: 3 January 2020

Background Papers: Audit & Assurance Plan 2019/20, approved by the Audit & Governance Committee on 16 April 2019.