

AUDIT AND GOVERNANCE COMMITTEE

11 MAECH 2022

INTERNAL AUDIT PROGRESS REPORT

Recommendations

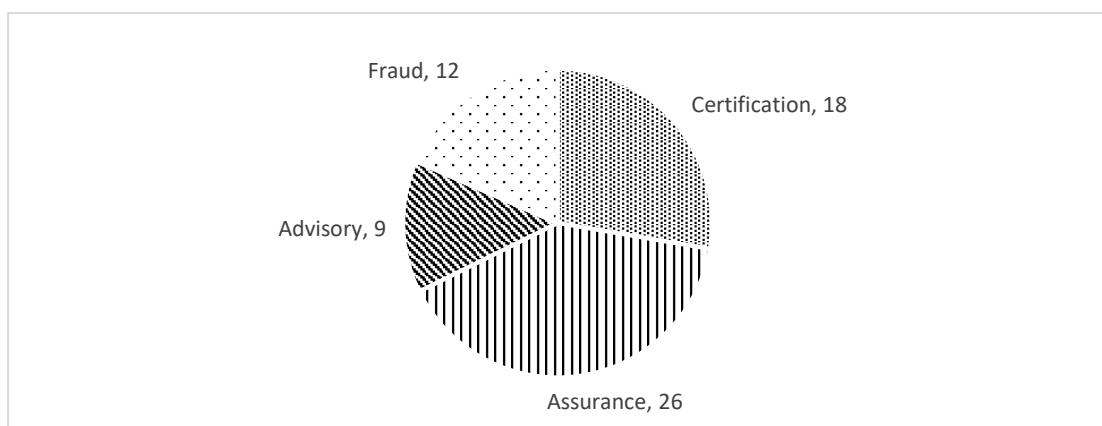
- 1. The Chief Internal Auditor recommends that the Internal Audit progress report be noted.**

Background

2. The role of the Council's Internal Audit service is to enhance and protect organisational value by providing independent assurance, advice and insight into the Council's risk management, governance, and internal control processes.
3. This report is an update on the progress against the Audit Plan approved in March 2021 at this Committee, and this is the second year of a three-year programme.

Audit and compliance 2021/22

4. Progress as at the end of February 2022 is shown in Appendix 1, including planned audits for the remainder of the year.
5. The audit plan includes 65 work items, analysed in the pie chart below.



6. The current state of assurance and audit reports is shown in the table below:

Audit State for assurance and advisory audits	Number
Draft – engagement has not commenced	12
Open - ToR issued / engagement in progress	11
Complete – fieldwork finished / report issued	12
TOTAL	35

Grant certifications

7. Our grant certification work supports the Council in ensuring that money claimed from government agencies is correctly accounted for, and we work closely with operational teams to deliver this. 12 grants with a total value of £72.8m have been certified as accurate to date. We are currently auditing 5 grants with an income value to the Council of £2.0m and 1 grant is due to be audited March with an income value of £0.9m. Details of certification are given in Appendix 1.

8. Due to the volume of grant certifications, and delays to either notification that certification is required, or the provision of evidence experienced this year we are currently working with the Council to provide a planned approach to their certification.

Anti-Fraud and Corruption

9. We have not received any new complaints or allegations this quarter. The table below gives an overview of the cases so far this year, including the key theme areas.

	Details	Outcome	Theme
1	Staff data access	Training need identified	Policy application
2	Procurement challenge	Investigation undertaken; no further action required	Procurement policies
3	Public complaint	Enquiry confirmed contact valid; no further action	Communications
4	Staff absence	Referred to payroll provider	Employment policies
5	Procurement card use	Investigation undertaken; action taken to clarify transactions and refund received	Procurement policies
6	Adult social care – client charging	Historical allegation; insufficient evidence for further action	Client charging
7	NFI match – employee with multiple jobs	HR investigation; employee resignation	Employment policies

8	Supplier details – change to bank details	Investigation undertaken; monies refunded; referred for police investigation	Fraud
9	Supplier concerns (other Local Authority)	Referral to contract manager	Contract management
10	Direct payment carer	Investigation undertaken; referral to Action Fraud and Police	Fraud
11	Employee with multiple employments	Ongoing	Declaration of interest
12	Supplier selection	Ongoing	Procurement / Declarations of interest

10. The Council continues to engage with the National Fraud Initiative programme, providing key data sets to the Cabinet Office to enable matches to be identified and investigated. We are analysing the final remaining areas, and anticipate all matches being cleared by the deadline of 31 March 2022.

Advisory services

11. We continue to support the Constitutional review currently being led by the Assistant Director for Legal and Democratic Services, including updating the Council's Financial Regulations. The Chief Internal Auditor is a member of the Financial Improvement Programme Board, providing support and challenge to the procure to pay, income to debt, and financial systems upgrade.

Audit actions update

12. Audit actions are tracked, and we make regular contact with operational managers to follow up progress. For actions relating to limited assurance audits where a follow up audit is planned, actions are transferred to the new audit. This applies to the following three audits which are listed in Appendix 2:

- Capital and Business Case Development
- Direct Payments
- Long term agency and consultancy placements

13. It is pleasing to note that actions in some areas have been closed before the audit is completed due to collaboration between the Internal Audit Team and colleagues being audited.

Key themes

14. There is no change from our previous report. From our work undertaken to date we have identified continuing issues with Council policy and procedures. Issues include policies which require updating and those which need to be more effectively embedded. As issues are identified in specific areas these are brought to the attention of the relevant operational managers through audit report or fraud

investigation findings. We are also highlighting the issue with the Chief Officers' Group to encourage more proactive updates to be undertaken.

15. We have identified recurring themes on Schools audits undertaken. We will be issuing a newsletter covering the themes identified to highlight areas of good practice.

Contact Points

Specific Contact Points for this report

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Supporting Information

Appendix 1: Audit and grant certification report

Appendix 2: Audit actions

Background Papers

In the opinion of the proper officer (in this case the Chief Internal Auditor) there are no background papers relating to the subject matter of this report.