

Internal Audit

# Internal Audit Progress Report 2022-23

Plymouth City Council  
Audit & Governance Committee

September 2022

Official

## Introduction

This report provides a summary of performance in the year up to 12 August 2022 against the internal audit plan for the 2022/23 financial year, highlighting the key areas of work undertaken and summarising our main findings and audit opinions. The key objectives of the Devon Audit Partnership (DAP) are to provide assurance to the Audit and Governance Committee, Section 151 Officer (Service Director for Finance) and senior management on the adequacy and security of the systems and controls operating within the Council and to provide advice and assurance to managers and staff.

## Review of Audit Coverage

Overall, good progress has been made against the plan agreed with management for the 2022/23 financial year. Progress in the period up to 12 August 2022 has included completion of work carried forward from 2021/22 and tracking progress in the completion of management responses to recommendations made in earlier audit reports.

Considerable resource has been deployed in quarter 1 on grant audits with 25 grants having been certified in that period alone, compared to a total of 23 grants requiring audit for the whole of 2021/22. This is in addition to 4 monthly Families with a Future (Payment by Results) claims and the validation of the quarterly claim for the Life Chances Fund (Pause Project).

All final audit reports include an action plan which identifies responsible officers, and target dates to any address control issues or recommendations for efficiencies identified during each review.

A summary of Internal Audit's opinion on the individual reviews that have been carried out or concluded for the period from 1 April 2022 is detailed below.

## Assurance Opinion and Extract Executive Summaries – up to 12 August 22

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
<b>Customer and Corporate</b>		
Housing Benefits	Reasonable Assurance Status: Final	<p>Although 2021-22 has been a challenging year for the HB Team standards have been maintained. Additional work has been generated with the DWP's HB Award Accuracy Initiative, a mandatory exercise requiring full case reviews on claims that have not been reviewed for three months and are considered by the DWP to be at high risk of having had a material change in circumstances.</p> <p>Despite this, processing time have held up well and claims have not been subject to undue delays as the impact of the cost-of-living crisis has unfolded during the year. However, difficult decisions have had to be made and our report has highlighted a deterioration in the administration of benefit overpayment recovery.</p>
Payroll (CoreHR) System	Reasonable Assurance Status: Final	Assurance was reported in the July 2021 Annual Report, please refer to that report for details.
Debtors	Reasonable Assurance Status: Final	Assurance was reported in the July 2021 Annual Report, please refer to that report for details.
Additional Holiday Pay <i>Not included in original plan</i>	Value Added Status: Complete	Due to caselaw ruling, there is a legal requirement to pay additional holiday pay if overtime / other variable work is regularly undertaken. Payments totalling £82k for additional holiday pay have been subject to audit review. Having carried out appropriate investigations and checks for a sample of payments we concluded that the payments made were reasonable.
Electronic Signatures	Limited Assurance Status: Draft	We are pleased to report that a range of staff interviewed as part of the audit process who have access to and permission to use signatures all follow very similar procedures.

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
		<p>Signatures are retained in access restricted folders and there is a clear understanding that they cannot be used without express permission from the signatory. However, this approach is based on common-sense as there is no formal policy on the use of electronic signatures. All those interviewed were in agreement that a policy or guidelines would be helpful. Such a document would lay out the procedures and also set clear expectations of what is expected in terms of rules and boundaries.</p>
ICT Backup Arrangements	Status: In Progress	<p>Work is underway to assess the effectiveness of ICT Backup Arrangements to safeguard the Council's data and, associated computer software and network infrastructure. In the light of the current Cyber threat, the review will also consider the effectiveness of Disaster Recovery (DR) planning and incident response capabilities.</p>
Client Financial Services	Status: In Progress	<p>The objective of this audit is to evaluate and report on the adequacy of controls, processes and procedures operating for the collection of service user contributions toward their care costs: to ensure that service users receive timely and accurate financial assessments; are charged accordingly and outstanding debts are pursued and recovered. This is an end-to-end system review and will consider the roles and responsibilities of Livewell Southwest, Adult Social Care as well as the Client Financial Services Team.</p>
Recommendation Tracking	Status: Ongoing	<p>One exercise was undertaken in quarter 1 to make contact with managers to understand the progress they had made in implementing management actions as at 1 March 2022. The results were reported to Audit Governance Committee in July.</p> <p>At the time of writing, we are collating the results of a second exercise for the period ending 30 June 2022</p>
Health & Safety - Hand, Arm Vibration (HAVs)	Status: In Progress	<p>The review will assess the effectiveness of the controls in place to safeguard employees from HAVs. We will consider if past operational weaknesses have been resolved and that controls ensure that appropriate planning, recording and, monitoring of operatives and their use of HAVs are effective.</p>
Schools Financial Value Standards (SFVS)	Status: Complete	<p>The SFVS is a statutory self-assessment that all maintained school must complete and submit to the local authority (LA) on an annual basis. The purpose of the self-assessment it to ensure the effective financial management of school resources. We have received</p>

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		returns for all eligible maintained schools in respect of the 2021/22 financial year and can confirm that the LA return was submitted to the Education & Skills Funding Agency on 30 May 2022.
The contract for Agency Staff has recently been retendered and this review has been deferred to 2023/24.		
Some activity on Staff Parking has already been undertaken by HR&OD, likewise the service has work planned on Establishment Control. We will liaise with the Service Director for HR&OD as to timing/scope of these reviews.		
<p>The following key financial reviews are not due to commence until the second half of 22/23</p> <ul style="list-style-type: none"> <li>• Creditors</li> <li>• Main Accounting</li> <li>• Debtors</li> <li>• Payroll</li> <li>• Capital Programme</li> <li>• Core Compliance</li> <li>• Housing Benefits</li> <li>• Council Tax</li> <li>• Business Rates</li> <li>• Treasury Management</li> <li>• Debt Collection</li> </ul>		
<b>Executive Office</b>		
Electoral Services (Follow Up)	Value Added Status: Complete	DAP continues to provide assurance that the data quality checks conducted to ensure the integrity of the electoral roll and the election outputs and found those conducted for the 2022 Council elections to be performed to a high standard. However, as previously highlighted by DAP, limitations of the Civica Xpress system have impacted the level of data checks possible. The Team continues to liaise with Civica regarding this and other operational and reporting issues they have identified. The potential use of Microsoft's Power BI to provide supplementary reports is being explored.
<b>People</b>		
OLM Eclipse Project	Value Added Status: Ongoing for duration of project	DAP continues to provide real-time support and challenge to the Eclipse Project Board and additional formal advice. The Children's project has now successfully delivered the Eclipse solution into live operation in what was a fairly aggressive timescale, and this must

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		be considered to be a successful outcome. As would be expected, there are early life issues to be administered and addressed, but the project continues to benefit from strong governance and a capable and committed project team. Handover from Project to Business as Usual is being managed and lessons learnt being captured to benefit the Adults Eclipse Project which is expected to deliver a 'Go Live' during August 2023.
Plymouth Active Leisure (PAL)	Status: In Progress	Work is underway to assess the processes and controls in place for PAL to ensure that the facilities meet the strategic priorities of the Council, and the physical activity needs of Plymouth's communities.
Finance & Assurance Review Group (FARG)	Status: Ongoing	The purpose of FARG is to provide oversight, scrutiny, and assurance of the integrated fund and internal audit continue to have a seat on FARG providing real time support and challenge.
Fully CATERed	Status: In Progress	Fully CATERed Ltd is the wholly owned subsidiary of CATERed Limited a co-operative trading company jointly owned by 67 local schools and Plymouth City Council. In accordance with advice provided by the Council's external auditors there has been no requirement to externally audit the company accounts. However, DAP is in the process of performing a small amount of transactional testing together with a review of the corresponding control framework to provide assurance that the year-end position has been properly stated.
Adult Social Care Reforms - Review of the Section 75 Agreement.	Status: In Progress	S75 of the Social Care Act 2012 gave powers to local authorities and clinical commissioning groups (superseded by the Integrated Care Boards (ICB) in July '22) to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed local authority functions and prescribed NHS functions. DAP attend the cross-party working group (PCC & ICB) set up to review and update the existing S75 agreement which has been in place since 2015.
There is more time earmarked for Adult Social Care Reforms and we continue to liaise with the Strategic Director for People and the Head of ASC & Retained Functions as to the areas and timing of audit support needed. This includes Liberty Protection Safeguards and Interface with the CCG.		

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<b>Children's Services</b>		
Families with a Future (Payment by Results)	Regulatory Requirement	DAP have verified and certified four claims in the year to date.
Life Chances Fund (Pause Programme)	Regulatory Requirement	Sample checks have been performed on the outcomes reported for Cohorts 1 and 2 of the Pause Programme. This programme works with women who have experienced or are at risk of, repeated pregnancies that result in children needed to be removed from their care. The model aims to give women the opportunity to “pause”, take control of their lives and break free from destructive cycles.
Work has not yet commenced on the following areas: <ul style="list-style-type: none"> <li>• Special Educational Needs &amp; Disability (SEND) Contracts</li> <li>• Joint Funding Arrangements</li> </ul>		
<b>Office of the Director of Public Health</b>		
Public Burials	Reasonable Assurance Status: Final	Assurance was reported in the July 2022 Annual Report, please refer to that report for details.
There is a “pot of days” which the service will determine in due course where they would like best to use them.		
<b>Place</b>		
Commercial Waste	Reasonable Assurance Status: Final	Assurance was reported in the July 2022 Annual Report, please refer to that report for details.

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Stores & Stock Control (Domestic Waste Containers)	Reasonable Assurance Status: Draft	<p>We can report that the Council's stock of domestic waste containers and bags are subject to effective administration and stock control procedures. Since the responsible team leader was appointed in April 2022 there have been significant improvements made, with new processes and controls implemented. Stock takes are undertaken on a weekly basis and ordering trigger points have been adopted to ensure that there is sufficient holding stock to cover any delays with supply.</p> <p>In addition, the Auditor has worked alongside the department to adapt the current weekly stock check spreadsheet to include the cost per unit, total inventory cost and variance from the previous week stock count. This will aid in identifying the total inventory cost of physical stock held at any given point as well as notable changes in stock levels which require reconciliation. Individual sheets have been created which will improve the visualization of checks on a monthly basis as well as a dashboard highlighting key information.</p>
Stores & Stock Control (Stores)	Reasonable Assurance Status: Draft	<p>Overall we are able to provide a reasonable level of assurance that there are effective stock management controls operating within the main Stores at Prince Rock Depot. However, the Stores Officer is the only member of staff in the department licensed to receive and issue chemicals and we have highlighted the need for management to consider whether there is sufficient cover across the service to adequately cover periods of absence.</p> <p>Currently there are multiple spreadsheets in use to record the distribution of stock and the Auditor has worked with the Stores Officer to condense current records into a single spreadsheet. By condensing records into a single excel spreadsheet and using the tools available data analysis can be undertaken by using filters etc to identify trends.</p>
City Change Fund	Status: In Progress	Work has recently commenced on a review of the governance arrangements and processes in place to manage the City Change Fund.

The following reviews have not yet commenced.



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<ul style="list-style-type: none"> <li>Commercial Properties</li> <li>Safety at Sports Grounds</li> </ul>		<ul style="list-style-type: none"> <li>The Box</li> <li>Plymouth &amp; SW Devon Community Forest</li> </ul>
Grant Certification	Regulatory Requirement	Grants certified without amendment: <ul style="list-style-type: none"> <li>SWLEP Growth Fund - Derriford Transport Scheme</li> <li>SWLEP Growth Fund - Northern Corridor Junction Improvements</li> <li>SWLEP Growth Fund - Eastern Corridor Strategic Cycle Network</li> <li>SWLEP Growth Fund - Charles Cross</li> <li>SWLEP Growth Fund - Plymouth Railway Station</li> <li>SWLEP Growth Fund - Oceansgate Phase I</li> <li>SWLEP Growth Fund - 5G Smart Sound</li> <li>SWLEP Get Building Fund - National Marine Park</li> <li>SWLEP Get Building Fund - Plymouth International and City Business Parks</li> <li>SWLEP Get Building Fund - Concourse Phase 2, Brunel Plaza</li> <li>SWLEP Get Building Fund - Green Homes</li> <li>DH&amp;SC LA Test and Trace Service Support</li> <li>DH&amp;SC LA Trace and Test Support Payment Scheme (2 claims)</li> <li>DH&amp;SC Contain Outbreak Management (5 claims)</li> <li>DH&amp;SC Community Testing</li> <li>DH&amp;SC LA Test &amp; Trace Contain Outbreak Management Fund Surge Testing</li> <li>DLUH&amp;C Protect and Vaccinate</li> <li>DFT Transforming Cities - Tranche I</li> <li>Innovate UK - Marine e-charging living lab</li> </ul>
<b>National Fraud Initiative (NFI)</b>		
NFI	Status: Ongoing	Work has been completed on the 2021-22 exercise with the most notable results reported in respect of transport pass data (blue badges and concessionary bus passes) where a total of 622 badges or passes have been cancelled as the Council were not aware that the badge / pass holder was deceased until reviewing the NFI matches provided. The Cabinet Office estimate a financial saving of over £60,000 has been realised through this action.

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		Preparations are underway for the 2022-23 exercise with data submission required in October 2022 and the corresponding data matches due back in February 2023.