

Internal Audit

Internal Audit Progress Report 2023-24

Plymouth City Council Audit & Governance Committee

September 2023

Official

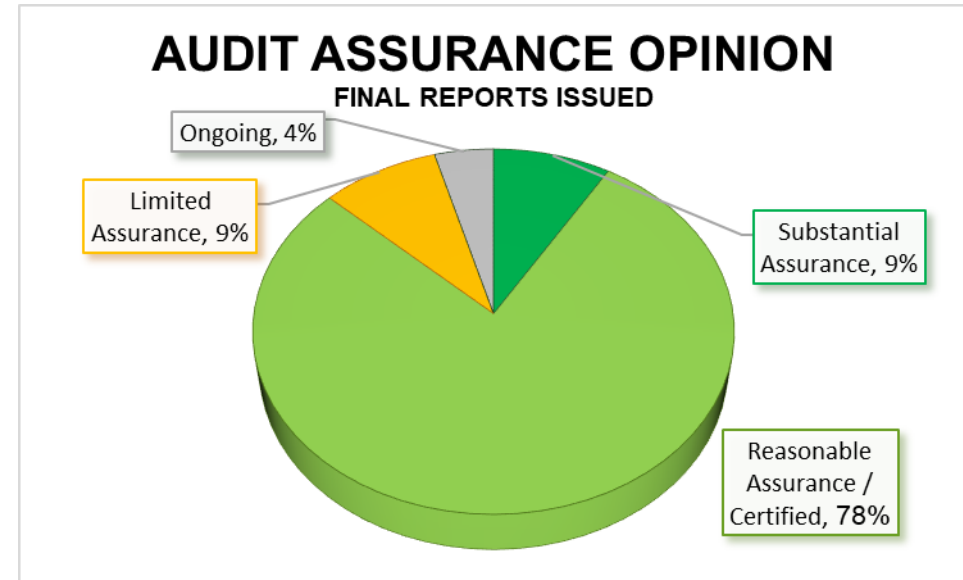
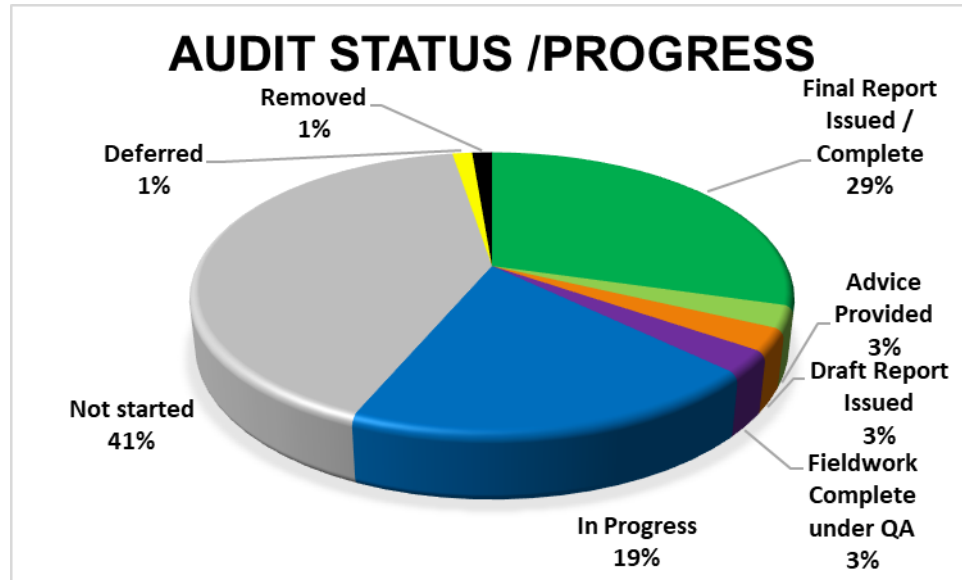
Introduction

This report provides a summary of performance in the year up to 31st July 2023 against the 2023/24 Internal Audit Plan, below, agreed by Audit and Governance Committee at its meeting on 20th March 2023, 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.

| Thematic Overview of Audit Coverage for 2023/24 | | | | | | | |
|---|---|---|--|--|--------------------------------------|--|--------------------------------|
| | Customer & Corporate | Children's Services | People | Executive Office | Office of Director for Public Health | Place | Client & Audit Governance |
| Thematic Overview Audit Coverage | Intelligent Automation | Children's Review Programme | Care Act - ASC Reforms | Trusted Advisor Support - Electoral Registration | To be determined | Governance Capital Programme | Corporate Governance |
| | Purchasing Cards | Payments e.g. SEND Contracts Foster Carers Care Leavers | Payments e.g. Residential Homes Domiciliary Care Direct Payments | Risk Management | | Governance - Plymouth & S.Devon Freeport | Audit Planning & Co-ordination |
| | | Joint Funding Arrangements | Eclipse Project, inc Finance Module | | | Safety at Sports Grounds | Liaison with External Auditor |
| Core Assurance | Key Financial Systems – Payroll, Creditors, Debtors, Main Accounting System, Council Tax, Business Rates, Housing Benefits, Treasury Management | | | | | | |
| | ICT – NCSC Cyber Assessment Framework, User/ Account Management | | | | | | |
| | Grants – 30+ Grants for Certification, Supporting Families Payment by Results, Pause Project | | | | | | |

Review of Audit Progress

Overall, good progress has been made against the plan agreed with management for the 2023/24 financial year. Of the work in the current audit plan 57% is in progress or has been completed, with 87% of final reports providing at least Reasonable Assurance/Certified without amendment. We continue to work with management to ensure that the Councils audit need requirements are reflected in our audit plan, an agile audit plan will ensure our audit work is focused on the Councils key objectives and their associated risks and opportunities.



All final audit reports include an action plan which identifies responsible officers, and target dates to address any control issues or recommendations for efficiencies identified during each review. Audit work in the period up to 31st July 2023 has included completion of work carried forward from 2022/23 and regulatory grant certification work in relation to £45m of grant funding received by the Council across 11 projects. This is in addition to four monthly claims and certification of the final quarterly claim for payment by results (PBRs) under the old Troubled Families Financial Framework and the first quarterly claim under the new National Supporting Families Outcomes Framework.

A follow up of Special Guardianship Orders has been completed following the 'Limited Assurance' audit report issued in March 2021. Audits of Direct Payments and Parking Penalty Charge Notices have also been undertaken, with the work currently being quality assured prior to a draft report being issued. Audit work has also commenced on areas linked to Council risks including SEND Externally Commissioned Educational Placements, Intelligent Automation (Robotic Process Automation) and Risk Management. Further information on these audits and a summary of Internal Audit's progress against the 2023/24 Internal Audit Plan, including all work carried out or concluded since 1 April 2023 is detailed below.

Internal Audit Progress 2023/24 - Audit Status and Assurance Opinion

| Internal Audit Progress against 2022/23 plan - Audit Work Completed Since 1 st April 2023 | | | | |
|--|--|---------------------|-----------------------|--|
| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
| Customer and Corporate Services | | | | |
| Core Assurance | Treasury Management 2022/23 | Final Report Issued | Substantial Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |
| Core Assurance | Main Accounting System 2022/23 | Final Report Issued | Substantial Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |
| Core Assurance | Business Rates 2022/23 | Final Report Issued | Reasonable Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |
| Core Assurance | Debtors 2022/23 | Final Report Issued | Limited Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |
| Theme Risk | Registration Office – Income Collection Controls 2022/23 | Final Report Issued | Reasonable Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |
| Theme Risk | Income Collection Governance 2022/23 | Draft Report Issued | Reasonable Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |
| People | | | | |
| Theme Risk | Client Financial Services 2022/23 | Final Report Issued | Limited Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |
| Theme Risk | Analysis of Domiciliary Care Provider Returns 2022/23 | Final Report Issued | Reasonable Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |

| Place | | | | |
|------------|-----------------------|---------------------|----------------------|--|
| Theme Risk | Commercial Properties | Final Report Issued | Reasonable Assurance | Reported in Annual Audit Report to Audit and Governance Committee July 2023. |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|-------------------------------|----------------------------------|-------------------|-------------------|--|
| Customer and Corporate | | | | |
| Theme Risk | Intelligent Automation | In Progress | - | Opportunities to implement Intelligent Automation for business-as-usual processes are part of the Council's Transformation Programme. DAP have been considering the associated risk and working with Project Leads to understand if risks and opportunities are sufficiently mitigated and managed through effective overall project governance arrangements and individual workstream project management. |
| Theme Risk | Purchasing Cards 2023/24 | Not Started | - | Planned Quarter 3 – Scheduled to start in September 2023. |
| Core Assurance | Payroll 2023/24 | Not Started | - | Planned Quarter 3 – Scheduled to start in September 2023. |
| Core Assurance | Purchasing and Creditors 2023/24 | In Progress | - | The scope and objective of this audit is to provide an assurance opinion on the effectiveness of internal controls operating to ensure payments made are appropriate, accurate and timely, financial data is complete and reliable and opportunities for fraud minimised. |
| Core Assurance | Debtors 2023/24 | Not Started | - | Planned Q3 |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|-----------------|---|---------------------|----------------------|--|
| Core Assurance | Main Accounting System 2023/24 | Not Started | - | Planned Q3 |
| Core Assurance | Council Tax 2023/24 | Not Started | - | Planned Q3 |
| Core Assurance | Business Rates 2023/24 | Not Started | - | Planned Q3 |
| Core Assurance | Housing Benefits 2023/24 | Not Started | - | Audit to commence August 2023. The objective of this review is to provide an assurance opinion on the effectiveness of internal controls and procedures in place for the calculation, payment and recording of Housing Benefit and Council Tax Support. |
| Core Assurance | Treasury Management 2023/24 | Not Started | - | Planned Q4 |
| ICT | NCSC Cyber Assessment Framework | Not Started | - | Planned Q3 |
| ICT | User / Account Management | Not Started | - | Planned Q3 |
| ICT | IT Asset Management 2023/ | Not Started | - | Planned Q3 |
| ICT | Cyber Security (Patch Management) 2023/24 | In Progress | - | The focus of our work is on the processes in place to ensure that patches are applied in a timely manner and ensure that known vulnerabilities do not represent a risk to the Council's corporate network and it's information assets. |
| Advice | Corporate Information Management 2023/24 | In Progress | - | Continued participation with the Council's Information Lead Officer Group (ILOG) and Devon Information Security Partnership (DISP). |
| Unplanned | Additional Holiday Pay - Back Pay (Corporate) July 2023 | Final Report Issued | Reasonable Assurance | Due to caselaw ruling, there is a legal requirement to pay additional holiday pay if overtime / other variable work is regularly undertaken. Payments totalling £90k for additional holiday pay have been subject to audit review. |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|-----------------|---|---------------------|----------------------|--|
| | | | | Having carried out appropriate investigations and checks for a sample of payments we concluded that the payments made were reasonable. |
| Unplanned | Additional Holiday Pay - Back Pay (Schools) July 2023 | Final Report Issued | Reasonable Assurance | A further tranche of payments totalling £8k for additional holiday pay have been subject to audit review. We concluded that the payments made were reasonable. |

Childrens Services

| | | | | |
|------------|--|---------------------|-------------------|---|
| Follow Up | Special Guardianship Orders 2023/24 | Draft Report Issued | Limited Assurance | <p>In March 2021, we reported an opinion of “Limited Assurance” for Special Guardianship Orders. A follow up audit has been undertaken and the overall audit opinion remains "Limited Assurance". Whilst improvements and/or plans for improvements have been made in some areas, associated risks are not yet sufficiently mitigated due to some significant weaknesses in the internal control framework.</p> <p>The Head of Service is to undertake a review of Special Guardianships. This should clarify roles and responsibilities and provide ownership for the whole process ensuring a joined-up approach between Children, Young People and Families (CYPF), Client Financial Services Team (CFST) and Finance and maintaining good communication between stakeholders.</p> |
| Theme Risk | SEND Governance - Externally Commissioned Educational Placements | In Progress | - | The scope and objective of this work is to evaluate the effectiveness of governance arrangements in planning and allocating externally commissioned educational placements for Children with Special Educational Needs (SEN). |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|-----------------|---|-------------------|-------------------|--|
| Theme Risk | SEND Decision Making - Externally Commissioned Educational Placements | In Progress | - | The focus of this review is to evaluate the effectiveness of Strategic and Operational decision making in planning, allocating and contracting externally commissioned educational placements for Children with Special Educational Needs (SEN). |
| Theme Risk | SEND Commissioning and Contracting - Externally Commissioned Educational Placements | In Progress | - | For this audit we are looking to establish and evaluate the effectiveness of the overall system of internal control for the commissioning and contracting of appropriate external educational placements for Children with Special Educational Needs (SEN) as agreed by Panel or through an Executive Decision by the Head of Service or Panel Chair. |
| Theme Risk | SEND Monitoring and Evaluation - Externally Commissioned Educational Placements | In Progress | - | The final piece of work on this important service area will be to establish and evaluate the review, evaluation, monitoring and reporting of overall SEND provisions and individual SEND contract provision arrangements in place to measure, continually assess and improve the effectiveness of externally commissioned educational placements. Our work will focus on the externally commissioned educational element of the SEND provision and will consider each of Plymouth City Councils Local Offer areas; Primary, Secondary and Post 16. |
| Theme Risk | Childrens Social Care Payments | Not Started | - | Planned Q4 |
| Theme Risk | Childrens Review Programme | Not Started | - | |
| Theme Risk | Joint Funding Arrangements | Not Started | - | |
| Core Assurance | Families with a Future (Payment by Results) Quarter 1 | Complete | Certified | This was the final claim for payments by results under the old "Troubled Families" framework and the first under the new national Supporting Families Outcome" framework. In |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|-----------------|---|-----------------------------|-------------------|---|
| | | | | accordance with DLUH&C programme guidance four monthly payment by results claims have been sample checked and verified prior to submission and we certified the first quarterly claim by the 28 th of June 2023 deadline. The Council target for 2023/24 is to achieve successful outcomes for 571 families, PBR's were claimed for 66 (12%) families, resulting in £52,800 of funding to the Council. |
| Core Assurance | Families with a Future (Payment by Results) Quarter 2 | In Progress | - | DAP have checked and verified the claim for July 2023, 106 total successful outcomes have now been achieved, 19% against target of 571. The next audit will be September 2023 to meet the certification deadline of the 28 th September 2023. |
| Core Assurance | Families with a Future (Payment by Results) Quarter 3 | Not Started | - | Planned Q3 |
| Core Assurance | Families with a Future (Payment by Results) Quarter 4 | Not Started | - | Planned Q4 |
| People | | | | |
| Theme Risk | Care Act Adult Social Care Reforms | Deferred | N/A | Following discussion with the Head of Service and due to government delays, audit need is not required during 2023/24. Consideration for inclusion in the 2024/25 Internal Audit Plan will be discussed with the departmental management team (DMT) as part of annual audit planning. |
| Theme Risk | Direct Payments 2023/24 | Fieldwork complete under QA | - | The scope and objectives of this audit are to evaluate the use of Direct Payments and compliance with council policy. |
| Theme Risk | Adult Social Care Payments | Not Started | - | Planned Q4 |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|-----------------|---|-------------------|-------------------|--|
| Theme Risk | Eclipse Project Project and Social Care IT Board | Ongoing | - | Provision of real-time support and challenge to the Eclipse Project Board and additional formal advice. The Adults Eclipse Project went 'Live' in July 2023. |
| Theme Risk | Deprivation of Liberty Safeguards – Transfer to Eclipse | In progress | - | Audit terms of reference have been issued for agreement. The proposed scope and objective of this work is to provide assurance on the migration of Deprivation of Liberty Safeguards (DoLS) management information into the Eclipse System. |
| Core Assurance | Life Chances Fund (Pause Programme) 2022/23 Quarter 4 | Complete | Certified | The 2022/23 final quarterly claim was checked and verified in July 2023. Sample checks were performed on the outcomes reported for Cohorts 1 and 2 of the Pause Programme prior to payment to the service being approved. This programme works with women who have experienced or are at risk of, repeated pregnancies that result in children needing 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. |
| Core Assurance | Life Chances Fund (Pause Programme) 2023/24 Quarter 1 | In Progress | - | Sample checks to be performed on the outcomes reported for Cohorts 1 and 2 of the Pause Programme, for the period 1 st April to 30 th June 2023, prior to payment to the service being approved. |
| Core Assurance | Life Chances Fund (Pause Programme) 2023/24 Quarter 2 | Not Started | - | Planned Q3 |
| Core Assurance | Life Chances Fund (Pause Programme) 2023/24 Quarter 3 | Not Started | - | Planned Q4 |
| Advice | Service agreements for the purchase of care home placements | Complete | Advice provided | Identification of key risks and further points for consideration for the proposed change in procedure. |
| Advice | Residential care home cashflow risk | Complete | Advice provided | Consideration of feedback on proposed management action to mitigate associated risks. |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|---|--|------------------------------|-------------------|--|
| Executive Office | | | | |
| Theme Risk | Risk Management | In progress | - | Work will continue across the year to continuously assess awareness of and compliance with the Risk and Opportunity Management Strategy. Findings to be shared with the Head of Governance, Performance & Risk to inform ongoing work in this area. |
| Theme Risk | Electoral Registration – Trusted Advisor Support | Not Started | - | |
| Office of Director for Public Health | | | | |
| Theme Risk | Event Safety Advisory Group (ESAG) | Not Started | - | Planned Q4 The Public Protection Service have requested work to be undertaken relating to the operation of the ESAG to from assurance on the transparency and consistency when discussing PCC run events and to check that the risk of legal challenge is sufficiently mitigated. |
| Place | | | | |
| Theme Risk | Issuing, Appeals and Cancellations of Penalty Charge Notices (PCN's) 2023/24 | Fieldwork complete, under QA | - | The key focus of this review is the adequacy of, and compliance with, the with policies and procedures in operation relating to the cancellation of Penalty Charge Notices, including the appeals process. |
| Theme Risk | Capital Programme Governance | Not Started | - | |
| Theme Risk | Plymouth and South Devon Freeport Governance | Not Started | - | |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|---------------------|--|-------------------|-------------------|---|
| Risk Theme | Safety at Sports Grounds | Removed | N/A | Following discussion with Responsible Officers in Strategic Planning and Office Director of Public Health it was agreed that as the Council had recently been reaudited by the Sports Ground Safety Authority, we could add most value by undertaking a review of the Safety Advisory Group's governance arrangements, responsibility for which sits within Public Health. See above. |
| Grant Certification | SWLEP Growth Fund - Northern Corridor Junction Improvements Grant Certification | Complete | Certified | In accordance with Growth Deal grant conditions we undertook the annual audit of the statement of grant usage. Growth Deal funding of £2.1m was awarded to this project, the project is now complete with this being was the final audit. |
| Grant Certification | SWLEP Growth Fund - Eastern Corridor Strategic Cycle Network Grant Certification | Complete | Certified | In accordance with Growth Deal grant conditions we undertook the annual audit of the statement of grant usage. Growth Deal funding of £3.4m was awarded to this project. |
| Grant Certification | SWLEP Growth Fund - Charles Cross Grant Certification | Complete | Certified | In accordance with Growth Deal grant conditions we undertook the annual audit of the statement of grant usage. Growth Deal funding of £2.1m was awarded to this project. |
| Grant Certification | SWLEP Growth Fund - Plymouth Railway Station Grant Certification | Complete | Certified | In accordance with Growth Deal grant conditions we undertook the annual audit of the statement of grant usage. Growth Deal funding of £4.7m was awarded to this project. |
| Grant Certification | SWLEP Growth Fund - Oceansgate Phase 1 Grant Certification | Complete | Certified | In accordance with Growth Deal grant conditions we undertook the annual audit of the statement of grant usage. Growth Deal funding of £1.5m was awarded to this project. |
| Grant Certification | SWLEP Growth Fund - 5G Smart Sound Grant Certification | Complete | Certified | In accordance with Growth Deal grant conditions we undertook the annual audit of the statement of grant |

Internal Audit Progress against 2023/24 plan – Audit work completed since 1st April 2023

| Areas of Review | | Status / Progress | Assurance Opinion | Residual Risk / Audit Comment |
|---------------------|--|-------------------|-------------------|--|
| | | | | usage. Growth Deal funding of £1.8m was awarded to this project. |
| Grant Certification | SWLEP Get Building Fund - National Marine Park Grant Certification | Complete | Certified | In accordance with Get Building Fund grant conditions we undertook the annual audit of the statement of grant usage. Get Building funding of £625k was awarded to this project. |
| Grant Certification | SWLEP Get Building Fund - Plymouth International and City Business Parks Grant Certification | Complete | Certified | In accordance with Get Building funding grant conditions we undertook the annual audit of the statement of grant usage. Get Building funding of £1.9m was awarded to this project. |
| Grant Certification | SWLEP Get Building Fund - Concourse Phase 2, Brunel Plaza Grant Certification | Complete | Ongoing | An audit opinion on the statement of grant usage could not be provided for this project. PCC incurred no expenditure in 2022/23 only private match funding for which supporting records were not available to audit. Prior year PCC expenditure has been checked and verified and the project is ongoing. Get Building funding of £4.2m was awarded to this project. |
| Grant Certification | BEIS Home Upgrade Grant Phase 2 Grant Certification | Complete | Certified | In accordance with the BEIS Home Upgrade Grant Phase 2 we undertook the audit certification of the statement of grant usage. Grant funding to cover mobilisation costs of £23k was awarded. |
| Grant Certification | DFT LA Major Schemes Forder Valley Link Road Grant Certification | Complete | Certified | In accordance with DFT Local Authority Major Project grant conditions we undertook the final audit of the statement of grant usage. Grant funding of £22.5m was awarded to the Forder Valley Link Road scheme. |
| Advice | South West Devon Waste Partnership | In Progress | - | DAP continue its participation with the Partnership, attending Project Executive meetings. |