

Internal Audit

# Internal Audit Progress Report 2019-20

Plymouth City Council  
Audit & Governance Committee

September 2019



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Head of Audit Partnership



Auditing for achievement

## Introduction

This report provides a summary of performance in the year up to 20 August 2019 against the internal audit plan for the 2019/20 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.

The level of risk associated with each of the areas in Appendix A has been determined either from the Local Authority's Strategic / Operational Risk Register (LARR), or the Audit Needs Assessment (ANA). Where the audit was undertaken at the request of client, it has not been risk assessed. Assurance and recommendations should be considered in light of these risk levels and the impact this has on achievement of corporate / service goals.

## Review of Audit Coverage

Overall, good progress has been made against the plan agreed with management for the 2019/20 financial year. Progress in the period up to 20 August 2019 has included completion of work carried forward from 2018/19, undertaking follow up audits, and in completing assignments in accordance with timescales agreed with management.

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. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.

A summary of Internal Audit's opinion on the individual reviews that have been carried out or concluded for the period from 1 April 2019 is included in Appendix A.

## Assurance Opinion and Extract Executive Summaries – up to 20 August 2019

### Risk Assessment Key

ANA - Audit Needs Assessment risk level

Client Request - no risk assessment information available

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment		
<b>Customer and Corporate / Finance</b>				
<b>Core Assurance – Key Financial System</b>				
I.T. Material Systems 18/19 ANA - High	Good Standard Status: Final	The review confirmed that core processes remain of a good standard and that the positive direction of travel is continuing as service improvements are made. The relationship between PCC and Delt has matured and is collaborative and effective.		
<p>The key financial reviews will be commenced in the second half of 19/20</p> <table border="0" data-bbox="96 754 2134 1010"> <tr> <td data-bbox="96 754 1115 1010"> <ul style="list-style-type: none"> <li>• Civica Financials:               <ul style="list-style-type: none"> <li>❖ Creditors ANA - High</li> <li>❖ Main Accounting ANA - High</li> <li>❖ Debtors ANA – Medium</li> <li>❖ Purchasing ANA – High</li> <li>❖ Cash / Bank Receipting System ANA - High</li> </ul> </li> <li>• iTrent – Payroll ANA - Medium</li> </ul> </td> <td data-bbox="1115 754 2134 1010"> <ul style="list-style-type: none"> <li>• Academy Revs &amp; Bens:               <ul style="list-style-type: none"> <li>❖ Housing Benefits ANA - High</li> <li>❖ Council Tax ANA - Medium</li> <li>❖ Business Rates (NNDR) ANA – Low</li> </ul> </li> <li>• Treasury Management ANA – Medium</li> <li>• I.T.Systems ANA - High</li> </ul> </td> </tr> </table>			<ul style="list-style-type: none"> <li>• Civica Financials:               <ul style="list-style-type: none"> <li>❖ Creditors ANA - High</li> <li>❖ Main Accounting ANA - High</li> <li>❖ Debtors ANA – Medium</li> <li>❖ Purchasing ANA – High</li> <li>❖ Cash / Bank Receipting System ANA - High</li> </ul> </li> <li>• iTrent – Payroll ANA - Medium</li> </ul>	<ul style="list-style-type: none"> <li>• Academy Revs &amp; Bens:               <ul style="list-style-type: none"> <li>❖ Housing Benefits ANA - High</li> <li>❖ Council Tax ANA - Medium</li> <li>❖ Business Rates (NNDR) ANA – Low</li> </ul> </li> <li>• Treasury Management ANA – Medium</li> <li>• I.T.Systems ANA - High</li> </ul>
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<b>Core Assurance - Other</b>				
Corp Information Management ANA – High	Status: On-going	The Council continues to face many challenges including the ever present cyber security threats and evolving its information management. DAP continues to provide “trusted advisor” support to the Information Lead Officers Group (ILOG) and Management Information Security Forum (MISF). The Corporate Information Manager conducted a considerable amount of work to embed new processes, procedures and documentation to meet with the requirements of the Data Protection Act 2018 (GDPR). Informal work conducted by Internal Audit in the completion of other reviews confirmed that the implementation period measured well against the ICO’s ‘Twelve Steps’ (to GDPR Compliance). Our work during 2019/20 will confirm how Data Protection processes continue to evolve.		

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HR/Payroll Business Solution ANA – High Client Request	Status: On-going	Delt have commenced implementation of the CoreHR HR/ Payroll system and have recognised the importance of having a suitably skilled and experienced Project Manager to assist in fulfilling timelines and delivering required outcomes. Internal Audit have now initiated a piece of work to gain oversight and provide advice and assurance as the project progresses.
Health & Safety ANA – High	Status: In-progress	Following on from H&S self-assessments, DAP is providing support to the corporate Health, Safety & Wellbeing Team by undertaking system reviews within service areas to ensure compliance with Health & Safety Standards; including the management of the control of exposure to vibration.
Procurement ANA – High Client Request	Status: On-going	We continue to work collaboratively with the Corporate Procurement Team. To date this has included input into system and process improvements relating to purchasing cards and involvement in the review of contract standing orders.
Client Financial Services (follow-up to the 2018/19 review) ANA – High	Improvements Required Status: Draft	The ongoing commitment to tackling the 2018/19 audit action plan has resulted in progress being made with the ASC Recovery and Income Collection Project and improvements to the checking of error and data quality reports. However, due to the delay in publication of the Fairer Charging Policy, the need to formalise write off procedures and produce a working practices manual for CFST the overall audit opinion remains unchanged at "improvements required".
Deputyships (follow-up to the 2018/19 review) ANA - Medium	Status: In-progress	Work has commenced on a detailed follow-up to measure progress in implementing the action plan following 18/19 review which was given an assurance opinion of improvements required.
Schools Financial Value Standards (SFVS)	Good Standard Status: Final	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2018/19 submitted to the Department for Education.

The following reviews have not yet commenced:

- Cyber Security ANA – High
- General Data Protection Regulation (GDPR) ANA – High, Client Request
- Temporary & Interim Employees ANA – High, Client Request

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
<b>Executive Office</b>		
<b>Core Assurance - Other</b>		
Data Quality ANA – High	Status: On-going	Following on from the work undertaken 2018/19 and in liaison with the Performance Team in Oversight & Governance, we are continuing with the review of corporate indicators to provide assurance on the quality and robustness of the source data used in the reporting.
Gifts & Hospitality ANA - Medium	Status: In-progress	Work is in progress to evaluate the adequacy and effectiveness of policy and procedures in respect of Gifts and Hospitality. To enable us to establish the level of understanding of existing arrangements we developed questionnaires for Members and staff; we have received more than 500 responses.
<b>People</b>		
<b>Core Assurance – Key Financial System</b>		
CareFirst - Children Independent Placements ANA – Medium Client Request		Review of the new spend & approval processes (including forms and workflow) currently being developed.
<b>Core Assurance - Other</b>		
Finance & Assurance Review Group (FARG) ANA – High Client Request	Status: On-going	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.
Children's Multi Agency Safeguarding Arrangements ANA - Medium	Status: On-going	Following a government announcement requiring local authorities to make arrangements to replace their Local Safeguarding Children Boards with a multi-agency team of “Safeguarding Partners” internal audit have provided support and challenge to help ensure that the transition is completed by 29 September 2019.

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
HMO Licensing ANA - Medium Client Request	Status: In-progress	Work is underway to review the adequacy and effectiveness of controls, processes and procedures operating within the licensing of Houses in Multiple Occupation (HMOs). On completion of this work, findings will be reported to November Audit & Governance Committee.
Private Sector Enforcement ANA – Medium Client Request	Status: In-progress	Our work to consider the effectiveness of the enforcement system for decent homes standards in the private rented sector is nearing completion and our findings will be reported to November Audit & Governance Committee.
Integrated Care Partnership ANA - Medium	Status: On-going	Audit continues with a high-level review of the procurement process to ensure that the Council’s interests are protected.
Families with a Future (Payment by Results) Statutory Client Request	Certified Status: Ongoing	DAP have verified and certified four claims in the year to date and continue to work with the Families with a Future Team to ensure the accuracy and completeness of key data and that demonstrable evidence of intervention is maintained.

The following reviews have not yet commenced:

- Special Guardianships (Children) ANA – High
- Legal Care Proceedings (Children) ANA – Medium
- Children's Short Break Contracts ANA – Medium, Client Request
- Dynamic Purchasing System (DPS) ANA – Medium, Client Request
- Commissioning Contracts ANA – Medium, Client Request
- Anti-Social Behaviour Tools ANA – Medium, Client Request
- Education, Participation & Skills Dept ANA – Medium, Client Request

Review of the following audit has been deferred at the request of the client.

- Universal Youth Services ANA – Medium, Client Request

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
<b>Office of the Director of Public Health</b>		
Taxi Licensing Trade Accounts ANA – Medium Client Request	Good Standard Status: Draft	Taxi Licence Trading Accounts reported to Licence Committee in the report of the 21 <sup>st</sup> March 2019 provide a true and fair view of the financial transactions of the service. Accurate and complete accounting records have been maintained, with actual service income and costs used to calculate the new licence fees and ensure the trading accounts come back into balance. The basis of the apportionment of service income and expenditure across the five licence account categories has been clearly defined, is considered reasonable and ensures there is no cross subsidy.
<p>The following review has not yet commenced:</p> <ul style="list-style-type: none"> <li>• Business Continuity Follow -Up ANA – High</li> </ul>		
<b>Place</b>		
Waste PFI ANA – High	Status: On-going	Audit continues its participation with the South West Devon Waste Partnership, attending meetings of the Project Executive, providing support and advice on contract management issues.
New Business Solutions - Tech Forge (Cloud) ANA – Medium Client Request	Status: In Progress	Audit assurance required in respect of the project to migrate of property data to Tech Forge Cloud. Work undertaken by the service will include data cleanse, centralisation of data, interfaces with Civica Financials.
Garage ANA – Medium Client Request	Status: In Progress	Following the transfer to Plymouth Highways, management initiated a review of the service, implementing a series of immediate actions and formulating an ongoing action plan in response to identified issues and challenges, with a view to managing risk, improving standards and stabilising financial performance. Work is underway to provide an independent opinion on the adequacy and efficiency of the systems and processes operating across the Garage and how effectively they support the service’s service provision and contain costs.
Commercial Properties – Digitalisation of Proforma Process	Status: In Progress	Following a service review of the commercial property proforma process in 2018/19, action is being taken to digitalise the proforma and DAP is working in “real time” with the service to

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
ANA – Medium Client Request		ensure any risks are identified and mitigated and controls are effective as the project progresses.
Grant Certification Statutory	Regulatory Requirement	Grants certified without amendment: <ul style="list-style-type: none"> <li>• Regional Growth Fund GAIN 201819</li> <li>• Regional Growth Fund Oceansgate 201819</li> <li>• LGF Northern Corridor</li> <li>• LGF Eastern Corridor</li> <li>• LGF Derriford Hospital Interchange</li> <li>• LGF Charles Cross and Exeter Street</li> </ul>
The following reviews have not yet commenced: <ul style="list-style-type: none"> <li>• Highways, Fleet &amp; Garage – Insurance Claims ANA – Medium, Client Request</li> <li>• Trade Waste Follow-Up ANA – Medium</li> </ul> <ul style="list-style-type: none"> <li>• Capital Programme ANA – Medium, Client Request</li> <li>• Joint Local Plan ANA – Medium, Client Request</li> <li>• Fleet Management ANA – Medium, Client Request</li> </ul>		