In partnership with

Herefordshire Council

SWAP INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

Appendix A

Herefordshire Council

Annual Report and Opinion 2019/20

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Unrestricted

Contents

The contacts at SWAP in connection with this report are:

David Hill
Chief Executive
Tel: 01935 848540
david.hill@swapaudit.co.uk

Jacqui Gooding
Assistant Director
Tel: 07872500675
Jacqui.gooding@swapaudit.co.uk

Summary:

	Purpose	Page 1
	Scope	Page 2
	Annual Opinion	Page 3-5

Summary of Audit Work:

	High Corporate Risks	Page 5
	Partial Assurance Audit Summary	Page 7 - 9
	Summary of Control Assurance Opinions	Page 10 - 11
	Summary of Recommendations	Page 12

Plan Performance:

	Value Added	Page 13
	Team Performance	Page 14

Appendix 1	Summary of Work Plan	Page 15 - 21
Appendix 2	Annual Opinion Definitions	Page 22

The Head of Internal Audit is required to provide an opinion to support the Annual Governance Statement.

Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
  - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
  - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
  - the effectiveness of risk management processes;
  - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria
- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

Three lines of defence

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines of Defence' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- **the first line of defence – functions that own and manage risk.**
- **the second line of defence – functions that oversee or specialise in risk management, compliance.**
- **the third line of defence – functions that provide independent assurance.**

Scope

The Internal Audit service for Herefordshire Council is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work of the service is based on the Annual Plan agreed by Senior Management and this Committee. This report summarises the activity of the Internal Audit team for the 2019/20 year against the Internal Audit Plan (approved by the Audit and Governance Committee on 19 March 2019).

The position of Internal Audit within an organisation's governance framework is best summarised in the three lines of defence model shown below.

Adapted from ECIIA/FERMA *Guidance on the 8th EU Company Law Directive, article 41*

The Head of Internal Audit is required to provide an opinion to support the Annual Governance Statement.

Annual Opinion

The Annual Opinion is made based on the following sources of information:

- Completed audits (during the year 2019/20) which evaluate risk exposures (including new and emerging risks) relating to the organisation's governance, operations and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.
- Observations from consultancy/advisory support.
- Follow up of previous audit activity, including agreed actions.
- Significant/material risk where management has not accepted the need for mitigating action.
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure.
- Assurances from other providers, including third parties, regulator reports etc.

Opinions are a balanced reflection not a snapshot in time. Information to support this assessment is obtained from multiple engagements and sources (including advice/ consultancy work). The results of these engagements, when viewed together, provide an understanding of the organisation's risk management processes and their effectiveness.

After considering the above, the Annual Opinion Definitions (which differ from assignment assurance definitions) are explained in Appendix 2.

This Annual Opinion informs the Review of Effectiveness within the Annual Governance Statement. Internal Audit has not reviewed all risks and assurances relating to Herefordshire Council and cannot provide absolute assurance on the internal control environment. Senior Management and Members through the various committees are ultimately responsible for ensuring an effective system of internal control.

Over the year, the Internal Audit Team have found Senior Management of Herefordshire Council to be supportive of Internal Audit findings and responsive to the recommendations made. In addition, there is a good relationship with Management whereby they feel they can approach the Internal Audit Team openly in areas where they perceive potential problems.

Annual Opinion

Generally, the follow up work confirms the responsive nature of management at Herefordshire Council in implementing agreed recommendations to mitigate exposure to areas of significant risk. Follow up audits completed in the year have not identified any significant issues regarding non-implementation of recommendations.

39.5% of completed audits received Substantial or Reasonable assurance opinions in relation to the control environment. Of the audits completed in 2019/20, there are six areas (10.5%) that have been awarded Partial assurance opinions in relation to their control environment (none of them Key Financial Control Systems). The findings within these audits have been accepted and appropriately addressed by management. Any outstanding weaknesses in the governance, risk and control framework will continue to be followed up by Internal Audit as part of the 2020/21 Plan. Further details of audits with Partial assurance opinions can be found on page 7.

The percentage of audits receiving Reasonable or Substantial assurance has decreased from 2018/19 where 54% were awarded Substantial or Reasonable assurance. There was a significant increase in the number of Advisory audits completed rising from 10% in 2018/19 to 31% in 2019/20. Whilst Advisory work is and will continue to be important and demonstrates the Council is open to prioritising work in areas where there is a perceived high risk or concern over an the control environment it should not always be seen as an alternative to giving an audit assurance opinion and this is an area that will need to be monitored closely in future years.

The number of Partial assurance opinions did decrease in 2019/20 (10.5%) compared to 2018-19 (18%). Another factor to consider is the number of priority findings where there is a significant decrease from 2018/19. There were 192 priority findings in 2018/19 compared to 81 for 2019/20.

On pages 10 and 11 I have provided two charts to show the impact of the number of Advisory audits on the audit opinion. By removing the Advisory audits, you will see that percentage of Substantial and Reasonable audit increases from 39.5% to 57.5%. This does not suggest that all the Advisory audits would have received a Substantial or Reasonable assurance and some may have received a Partial assurance – the additional chart is to demonstrate the change to the percentage figures when removing the increase in Advisory audits.

A small number of audits (2) are still in the process of being finalised.

Annual Opinion

A number of audits originally scheduled in the internal audit plan have been removed or deferred over the course of the year and are detailed in the Appendix 1 to this report. A number of unplanned audits have been added to the plan over the year as the need arose and the risk environment altered. These changes have ensured audit resources have been focussed where it matters.

Some fraud risks have been identified with the applications for Small Business Grant Fund / Retail, Hospitality and Leisure Grant Funds. The funding was only put in place in March 2020 and will be reported in more detail in my 2020/21 annual opinion. Internal Audit has however completed some special reviews this year – Loss of Monies, Code of Conduct Complaint and S106 Whitbourne following matters that were raised in these areas. The findings from each of the reviews have been accepted by management.

There will be occasions where audit make recommendations to mitigate risk exposure and after consideration of the recommendation, the service decide to accept the risk. In 2019/20, there have been no instances to bring to the attention of the Audit and Governance Committee.

Although no areas of significant corporate risk have been identified there has again been findings where governance processes or guidance are not always followed to ensure compliance with existing procedures in place across the Council. A number of the findings relate to capital projects and contracts and particular to Record of Officer Decisions and whether value for money can be demonstrated. Management is responsible for ensuring compliance to policies and procedures and should have oversight to address non-compliance.

The Council has recognised that this is an area for improvement in the Annual Governance Statement and has updated the Financial and Contractual procedural rules and put in place new governance arrangements for capital projects through programme boards. The continuing review of these processes and corporate approach to ensure governance process are followed should help to reduce the occasions when processes are not adhered to.

I have considered the balance of 2019/20 audit work, the sources of information referred to above and outcomes against this environment enhanced by the work of external agencies and am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit and Governance Committee.

Medium Risk
Issues which should be addressed by management in their areas of responsibility.

Low Risk
Issues of a minor nature or best practice where some improvement can be made.

High Corporate Risk

For those audits which have reached report stage through the year, none have been assessed as a 'High' Corporate Risk.

Assurance Definitions

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Partial or None Assurance Summary

The following audits received a Partial assurance opinion in respect of their control environments in 2019/20. Each audit will have a follow up audit in 2020/21. There were no audits assessed with the assurance opinion None.

Audit Name
South Wye Transport Package Phase 2
Continuing Healthcare process
Homepoint - Review of new provider
Members Expenses
Housing Provision (Capital programme and spending)
Savings Targets

The key findings from the partial assurance audits are reported to this Committee in the Internal Audit Progress reports. There is one report that has been finalised since my last update report and position statement in July and the key findings are provided below.

Homepoint – Partial Assurance

Herefordshire Council does not own any housing stock. To advertise and allocate available homes to those registered on the housing register, Home Point (a choice-based lettings agency) was set up in partnership between the Council and the main Registered Providers. The Council advertises properties and the Registered Providers manage the allocations.

In August 2016, Registered Providers approached the Council with a determination to move away from the choice-based lettings scheme and to allocate their housing stock using alternative arrangements and software providers. A key decision was made on the 12th April 2018 by Cabinet to implement new arrangements for allocating social housing including:

- the closure of the Home Point system and brand; and
- the separation of the housing register from the advertising of properties and the management of bidding and the discharge of the council's duty to nominate people and monitor allocations through multiple arrangements, including automatic data transfer.

Assurance Definitions

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Partial or None Assurance Summary

Following the key decision by the Cabinet Member Finance, Housing and ICT in January 2018 regarding the procurement of a new housing allocations system the contract was awarded to CIVICA on the 16th August 2018 (Record of Officer Decision). However in March 2019 it was identified that the Registered Providers software was not able to guarantee provision of the data transfer within the agreed timescale and more significantly it was uncertain that the company could fulfill the requirements because of the impact on the other users on their platform.

There was one priority two finding and two priority three findings. The priority two finding identified that appropriate governance was not sought when the decision to revert to the choice-based lettings system was made. A Cabinet decision was made in April 2018 to close the choice-based lettings system and this was subsequently not implemented. It is not clear when and who made the decision to revert to a choice-based lettings system as there is limited reference to the event in project team, project board and cabinet member briefing notes. A further key decision should have been made by Cabinet once it was clear the new allocation arrangements were not able to be progressed.

The Programme Director Housing and Growth has explained that choices were extremely limited as it was clear that a complete re-procurement would represent a significant delay and significant extra costs to the Council and broader partnership. Further to this he explained officers had an indication that it was not going to be a significant cost compared to their judgement on what a complete re-procurement would cost. In addition, he identified that the charging model sought to pass much of the cost of this additional element onto the partners.

Assurance Definitions

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Partial or None Assurance Summary

Priority 2 finding:
Between March 2019 (when the Registered Providers identified their software (HomeHunt) could not fulfil their requirements) and February 2020 (when the revised Housing Allocations Scheme was approved) there is a lack of documented discussion/decision making regarding the options to the Council specifically the decision not to continue with the redesigned allocation arrangements and revert back to the choice-based lettings scheme whilst continuing with the newly procured ICT software contract (CIVICA). Whilst audit recognise advice was sought from the Councils monitoring officer there is a concern that the information provided was not adequate to ensure the correct governance advice was given.

Recommendation:
We recommend that the Programme Director Housing and Growth in liaison with the Programme Manager: Digital and Technology ensures all governance processes are adhered to regarding decision making. Where changes in the project arise, appropriate approvals should be sought, and consideration given as to whether existing procurement arrangements are still appropriate. If governance advice is sought from the governance team, officers must ensure they outline the considerations in detail. Sufficient and appropriate documentation should be maintained in relation to decision making

Agreed Action:
Agreed: Verto system is being reviewed to ensure system guidance and functionality is made available to ensure recording of relevant key project decisions.

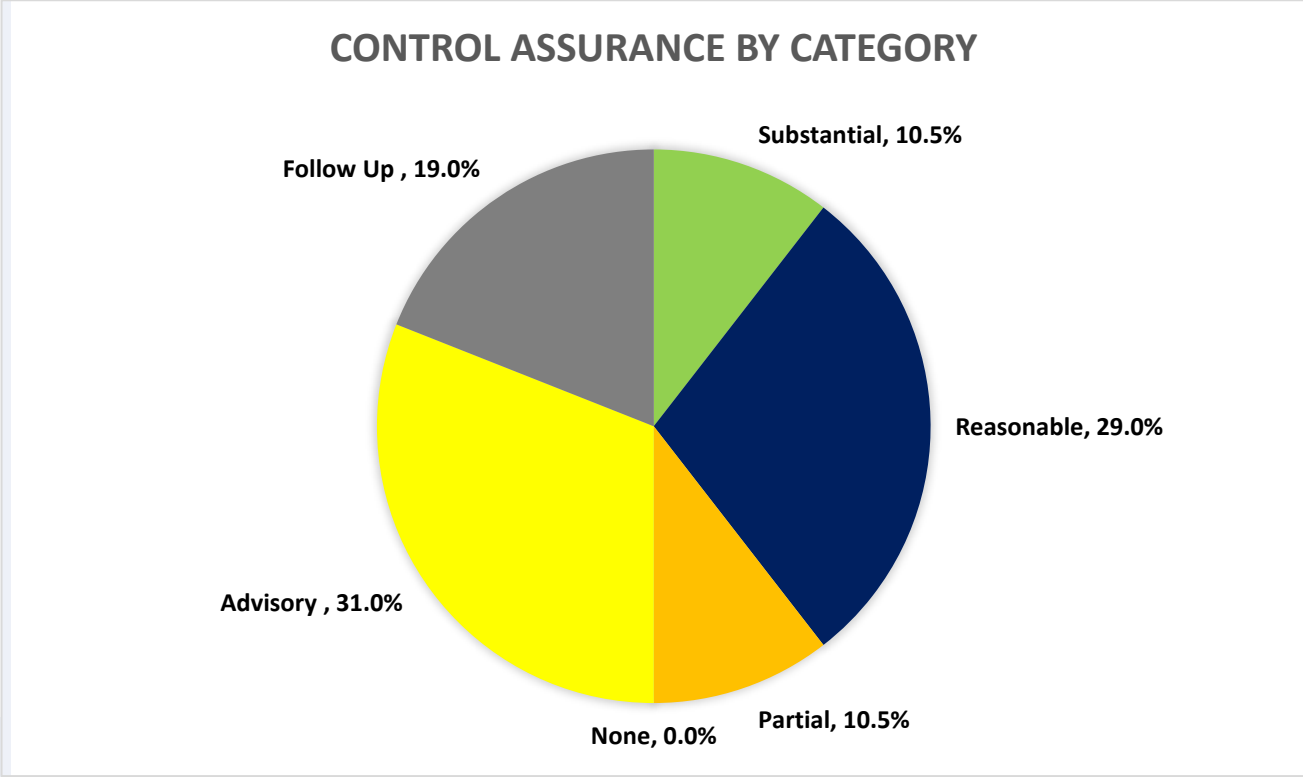
Target Date: 31st December 2020

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Summary of Control Assurance Opinions

Of the reviews that have a final report, the opinions offered are summarised below.



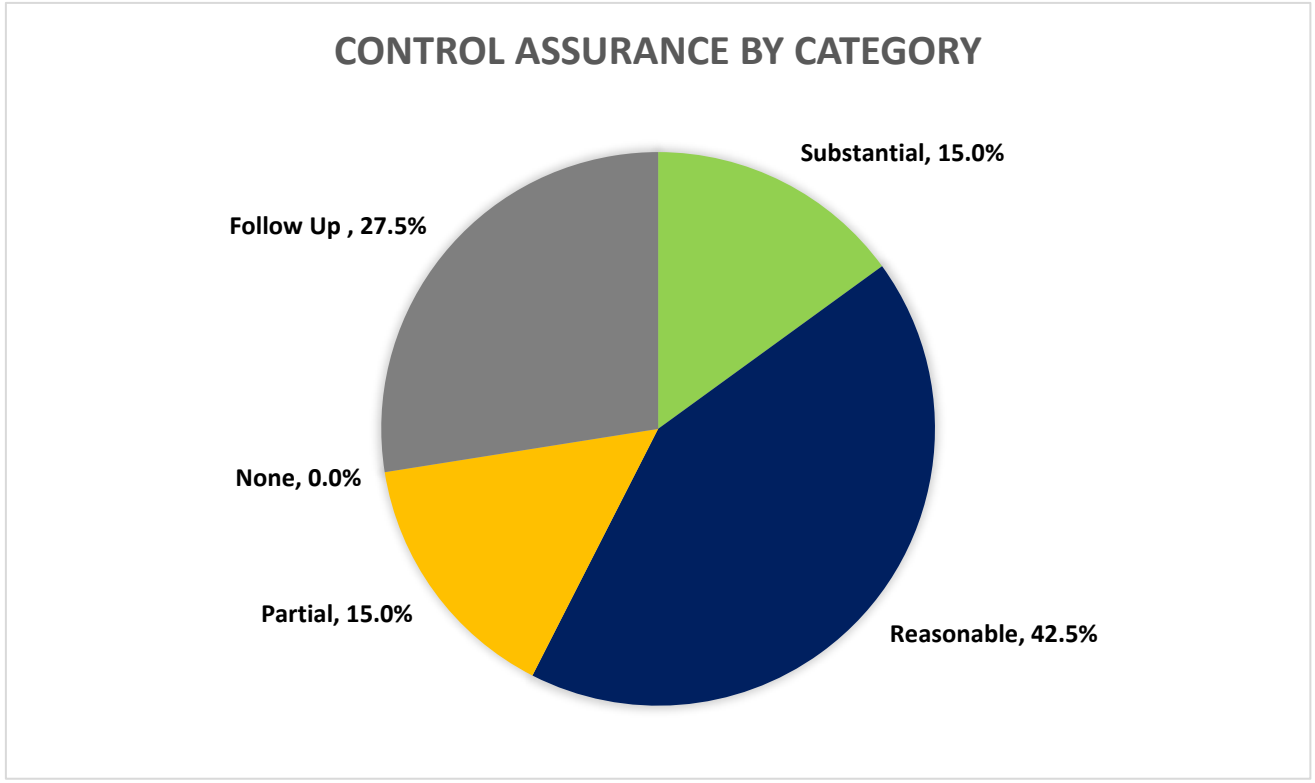
39.5% of audits resulted in a Substantial or Reasonable assurance opinion (2018/19: 54%); 10.5% in Partial assurance opinion (2018/19: 18%) and 0% in None assurance opinion (2018/19: 0%). The number of Advisory audits has increased from 10% in 2018/19 to 31% in 2019/20.

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Summary of Control Assurance Opinions

On removing the advisory audits which have increased significantly in 2019/20 an increase in the % of Substantial and reasonable assurance audits is shown to 57.5%. In comparison to 2018/19 the advisory audits were included in the figures for control assurance.



Summary of Audit Recommendations by Priority

We rank our recommendations on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of fundamental concern requiring immediate corrective action.

Summary of Recommendations

The number of Priority 2 recommendations has reduced from 30 in 2018/19 to 14 for 2019/20. Priority 2 are more significant recommendations, important findings that need to be resolved by management. All recommendations made during 2019/20 have been accepted by management who have provided a management response and target date for implementation. The number of priority 3 recommendations has also reduced from 162 in 2018/19 to 67 in 2019/20.

Value Added

'Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more, while adding little or nothing to its cost.'

Value Added

Primarily Internal Audit is an assurance function and will remain as such. However, as we complete our audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. The SWAP definition of "added value" is; "it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost".

In addition to audits undertaken in Appendix 1, where requested by client officers we look to share risk information, best practice and benchmarking data/information. The section continues to provide advice and support on controls across the organisation and responds to requests to assist with specific pieces of work.

- Fraud Bulletins – We send out regular fraud bulletins highlighting where there are attempted frauds and what officers need to be on the lookout for.
- Partners Newsletters – We produce regular partner newsletters that provides information on topical areas of interest for public sector bodies. We have increased the frequency of our newsflash to weekly during Covid-19 to provide relevant information.
- An Internal Audit View – These are quarterly newsletters where SWAP and other Local Authority Audit Partnerships convey key audit matters that Local Authorities should be aware.
- Attendance at working groups as required
- Participation in Knowledge Sharing and Benchmarking requests:
- Responsiveness – we adapt our audit plans to address emerging risks and areas requiring assurance to management, such as the Transformation Lessons learned review and responding to the whistleblowing allegation.
- Benchmarking and best practice – we share best practice from our partners wherever possible and undertake benchmarking exercises in a number of audits.
- Data Analytics – We are increasing the use of data analytics across all audits to provide a greater level of assurance and insight to trends and themes.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).

Internal Audit Team Performance

SWAP's performance is subject to regular monitoring and review by both the SWAP Board and the SWAP Member Meetings. The respective outturn performance results for Herefordshire Council for the 2019/20 year are as follows:

Performance Target	Actual Performance
Audit Plan – Percentage Progress	
Final, Draft and Discussion 90%	100%
In progress/ Review	0%
Yet to start	0%
Customer Satisfaction Questionnaire	
Feedback 95%	98.8%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was recently assessed in February 2020 and confirmed that we are in conformance to PSIAS.

Attribute Standard 1300 of the IPPF requires heads of internal audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues this dual aspect by stating that the programme must include both internal and external assessments. This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to make, as aligned to SWAP's Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

Summary of Work Plan 2019/20 Appendix 1

The schedule below contains a list of audits agreed for inclusion in the Annual Audit Plan 2019/20 and the final outturn for the financial year.

At the conclusion of audit assignment work each review is awarded a "Control Assurance", a summary of the assurance levels is as follows:

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Recommendations have been assigned a priority based on the following framework:

Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Audit Type	Audit Area	Quarter	Status	Opinion Control Environment	No of Recs	1 = Major 2 = Moderate 3 = Minor		
						Recommendation		
						1	2	3
Completed Audits								
Governance, Fraud & Corruption	New Model in Technology and Engineering (NMiTE) Project (University) quarter 1 review	1	Completed	Advisory Report	-	-	-	-
Advisory	South Wye Transport Package Phase 1 – Governance	1	Completed	Advisory Report	7	0	4	3
Operational	Coroners/Registrars	1	Completed	Substantial	1	0	0	1
Operational	Transport / Highways policy setting	1	Completed	Reasonable	4	0	0	4
Operational	Environmental Health / Trading Standards	1	Completed	Reasonable	2	0	0	2
Operational	Property Maintenance - Schools	1	Completed	Reasonable	5	0	0	5
Grant	Troubled Families (Qrt 1 monthly review of claims)	1	Completed	Advisory Report	-	-	-	-
Operational	Schools Exclusion Policy – Deferred to qrt 3	1	Completed	Advisory Report	-	-	-	-
Operational	Children's centres (changed to Pupil Referral Unit)	1	Completed	Reasonable	5	0	1	4
Operational	Facilities Management	1	Discussion Document					
ICT	ICT Applications	1	Completed	Advisory		-	-	-
Operational	Mandatory Training	1	Completed	Reasonable	5	0	1	4
Operational	Disclosure and Barring Service	1	Completed	Reasonable	6	0	2	4

Audit Type	Audit Area	Quarter	Status	Opinion Control Environment	No of Recs	1 = Major 2 = Moderate 3 = Minor		
						Recommendation		
						1	2	3
Special Investigation	Code of Conduct Complaint	1	Completed	Special Investigation	-	-	-	-
Special Investigation	Loss of Monies	2	Completed	Special Investigation	-	-	-	-
Governance, Fraud & Corruption	New Model in Technology and Engineering (NMiTE) Project (University) quarter 2 review	2	Completed	Advisory Report	-	-	-	-
Grant	Bus Subsidy grant	2	Completed	Reasonable	0	0	0	0
Operational	South Wye Transport package Phase 2	2	Completed	Partial	7	0	2	5
Grant	Troubled Families (Qrt 2 monthly review of claims)	2	Completed	Advisory Report	-	-	-	-
Operational	Council Reserves	2	Completed	Substantial	2	0	0	2
Grant	Local Transport Block Funding	2	Completed	Reasonable	0	0	0	0
Operational	EU Grant Funding	2	Final Report	Reasonable	3	0	0	3
Reasonable	Cemeteries / Crematoriums	2	Completed	Reasonable	3	0	0	3
Operational	Healthy Lifestyle Service (was Development of Community Strategy)	2	Completed	Advisory Report	4	0	1	3
Operational	Continuing Healthcare process	2	Completed	Partial	4	0	2	2
Operational	Quality Assurance Panel Process (change of audit to Local Enterprise Resources team)	2	Completed	Advisory Report	4	0	0	4
Operational	Independent review officer services	2	Completed	Reasonable	6	0	0	6

Audit Type	Audit Area	Quarter	Status	Opinion Control Environment	No of Recs	1 = Major 2 = Moderate 3 = Minor		
						Recommendation		
						1	2	3
Schools	Schools Financial Value Standard – School 1	2	Completed	Reasonable	4	0	0	4
Schools	Schools Financial Value Standard – School 2	2	Completed	Reasonable	5	0	0	5
Schools	Schools Financial Value Standard – School 3	2	Completed	Reasonable	4	0	0	4
ICT	Data Centres	2	Completed	Advisory Report	-	-	-	-
Operational	Project Delivery/project management	2	Completed	Reasonable	1	0	0	1
Grant	Troubled Families (Qrt 3 monthly review of claims)	3	Completed	Advisory Report	0	0	0	0
Key Control	Council Tax follow up	3	Completed	Follow up	-	-	-	-
Governance, Fraud & Corruption	New Model in Technology and Engineering (NMiTE) Project (University) quarter 3 review	2	Completed	Advisory Report	-	-	-	-
Key Control	Treasury Management	3	Completed	Substantial	2	0	0	2
Special Review	S106 Whitbourne	3	Completed	Special Review	1	0	1	0
Key Control	Accounts Payable follow up	3	Completed	Follow up	-	-	-	-
Key Control	Main Accounting	3	Completed	Substantial	2	0	0	2
Key Control	Payroll follow up	3	Completed	Follow up	-	-	-	-
Key Control	Accounts Receivable follow up	3	Completed	Follow up	-	-	-	-
Key Control	Capital Accounting follow up	3	Completed	Follow up	-	-	-	-

Audit Type	Audit Area	Quarter	Status	Opinion Control Environment	No of Recs	1 = Major 2 = Moderate 3 = Minor		
						Recommendation		
						1	2	3
Key Control	NNDR	3	Completed	Substantial	1	0	0	1
Key Control	Housing and Council Tax Benefit	3	Completed	Follow up	-	-	-	-
Governance, Fraud & Corruption	Contracts - Public Realm, Waste and Balfour Beatty (review of actions from vfm review)	3	Completed	Advisory	0	0	0	0
Operational	Income Charging	3	Completed	Advisory	1	0	0	-
Schools	Prevention of Fraud in Schools audit – one school	3	Combined with SFVS audit	-	-	-	-	-
Governance, Fraud & Corruption	Compliance with Financial Regulations	3	Completed	Reasonable	1	0	0	1
Operational	Service Planning	3	Completed	Advisory Report	0	0	0	0
Governance, Fraud & Corruption	New Model in Technology and Engineering (NMiTE) Project (University) quarter 4 review	4	In Progress	Advisory Report	2	0	0	2
Grant	Troubled Families (Qrt 4 monthly review of claims)	4	Completed	Substantial	2	0	0	2
Governance, Fraud & Corruption	Savings Targets	4	Completed	Partial	4	0	2	2
Operational	RNIB Site for FE College	4	Completed	Reasonable	3	0	0	3
Operational	Housing Provision (Capital programme and spending)	4	Completed	Partial	5	0	2	3
Operational	Integrated Short-Term Support and Care Pathway – Delayed Transfers of care (DToC) plan – process of hospital discharges, Front door redirected.	4	Draft Report					
Operational	Homepoint - Review of new provider	4	Completed	Partial	3	0	1	2

Audit Type	Audit Area	Quarter	Status	Opinion Control Environment	No of Recs	1 = Major 2 = Moderate 3 = Minor		
						Recommendation		
						1	2	3
Governance, Fraud & Corruption	Members Expenses	4	Completed	Partial	6	0	2	4
COVID-19	Grant Funding Schemes Small Business Grant Fund / Retail, Hospitality and Leisure Grant Fund	4	Completed	Advisory	-	-	-	-
COVID-19	HALO Leisure – Financial Review	4	Completed	Advisory Report	-	-	-	-
Follow Up	Health and Safety	4	Completed	Follow up	-	-	-	-
Follow UP	Major Transport Schemes - financial reporting	4	Completed	Follow up	-	-	-	-
Follow UP	Special Educational Needs transport	4	Completed	Follow up	-	-	-	-
Follow UP	ICT Cloud and Externally Hosted Services	4	Completed	Follow up	-	-	-	-
Follow UP	IT Access Controls –Mosaic and other systems used by AWB and CWB –	4	Completed	Follow up	-	-	-	-
Audits Deferred/Removed								
Operational	Client finance System - Interface between all systems	1	Deferred	Days allocated to COVID 19 work				
Operational	Integrated Short Term Support and Care Pathway - Carers Assessment – replaced with Compliance with the Adult Social Care Supervision Policy and adherence to Best Practice	2	Removed	Days allocated to COVID 19 work				
Operational	Workforce Development – Adults	3	Removed	Days allocated to COVID 19 work				
ICT	Incident Management to include Ransomware	3	Removed	Days allocated to COVID 19 work				
Operational	Development Regeneration Programme	3	Deferred	Days allocated to Loss of Monies SI				

Audit Type	Audit Area	Quarter	Status	Opinion Control Environment	No of Recs	1 = Major 2 = Moderate 3 = Minor		
						Recommendation		
						1	2	3
Operational	Integrated Short-Term Support and Care Pathway phase 4 Housing Pathway – Replaced with Supervision Audit Process	4	Deferred	Days allocated to COVID 19 work				
Operational	Strategic Partnerships	4	Deferred	Days allocated to Code of Conduct Complaint SI				
Operational	Brexit Preparedness	4	Deferred	Days allocated to Facilities Management				

Annual Opinion Definitions

Appendix 2

Annual Opinion Definitions	
None	*A control framework is not in place to mitigate key risks. The organisation is exposed to abuse, significant error or loss and/or misappropriation. Objectives are unlikely to be met.* serious systemic control weaknesses identified through aggregation of individual audit engagements significant number of critical and/or high risk rated weaknesses identified for isolated issues internal audit has serious concerns about managements approach to resolving identified issues.
Partial	*The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.* significant number of medium and/or critical risk rated weaknesses identified in individual audit engagements isolated critical and/or high risk rated weaknesses identified that are not systemic internal audit has concerns about managements approach to resolving identified issues
Reasonable	*The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.* medium risk rated weaknesses identified in individual audit engagements isolated high risk rated weaknesses identified for isolated issues no critical risk rated weaknesses were identified internal audit is broadly satisfied with management's approach to resolving identified issues.
Substantial	*There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.* no individual audit engagement classed as limited or no assurance occasional medium risk rated weaknesses identified in individual audit engagements although mainly only low/efficiency weaknesses internal audit has confidence in managements attitude to resolving identified issues.