

Appendix A

Herefordshire Council

Report of Internal Audit Activity

Plan Progress 2020/21- September 2020

Proposed Revised Internal Audit Plan 2020/21

Contents

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Internal Audit Plan Progress 2020-/21

Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Chartered 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 Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 05 May 2020.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit Plan Progress 2020/21

Outturn to Date



Internal Audit Work Programme

The schedule provided at Appendix C contains a list of all audits as agreed in the Annual Audit Plan 2020/21. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in Appendix B of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service findings (priority 1 or 2), a summary of the key audit findings is given as part of this report. In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised.

This is the progress report for the 2020/21 audit plan as at 21 August 2020. Since my last update three audits have been completed, two audits are at report and there are nine audits in progress. An additional audit Commissioning and Value for Money (BBLP) to the 2020-21 audit plan has also been completed.

The audits completed since my last update have the following assurance:

Audit	Assurance
NMiTE Project	Advisory
Grant Funding Schemes - Small Business Grant Fund / Retail, Hospitality and Leisure Grant Fund	Advisory Work
Procurement Cards	Limited
Commissioning and Value for Money (BBLP)	Limited

Internal Audit Plan Progress 2020/21

Outturn to Date



Significant Corporate Risks

We provide a definition of the 3 Risk Levels for Corporate risk applied within audit reports. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

In this update there are no final reports included with 'High' corporate risks.

SWAP Performance - Summary of Limited Opinions



Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.

There has been one audit with Limited Assurance in the 2020-21 plan and one audit with Limited assurance in addition to the 2020-21 plan.

Procurement Cards

The audit was requested with a view to ascertaining whether card usage was compliant with the policy since the beginning of the Covid-19 pandemic, and that purchases were not being made where Council contract arrangements should be utilised.

An initial review of the data provided by Finance highlighted areas that SWAP Internal Audit considered merited a more in-depth review, notably around appropriate card usage, understanding and compliance with the policy, and the level of monitoring and review carried out by Finance. Considering that the roll-out of cards across the Council commenced in March 2018, and is currently still in progress, it was seen to be suitable timing for a detailed audit to be carried out, in order to review the current level of risk with current card usage and monitoring practices.

Audit found the following areas of good practice:

- The Procurement Card Policy is up to date, dated, version controlled, with the author and the next review date annotated. It is comprehensive and details all relevant required information and guidance for card holders. The application form contains a declaration that the applicant must sign to confirm that they have read and understood the policy.

Internal Audit Plan Progress 2020/21

SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

- Finance send monthly email reminders to card holders prompting them of the deadline date to code the transaction, to ensure that essential fields are completed when coding, and that cards must be used in accordance with the Procurement Card Policy; a link to the policy is included in the email.
- The cashback facility has been blocked on all cards.

There were five priority 3 findings and one priority 2 finding. The priority 3 findings identified areas for improvement for card usage, monitoring of card usage, change of cardholder roles within the Council and the monitoring of unused cards.

Priority 2 finding:

Receipts for purchases are not always retained, details of the purchase are not being recorded, and purchases are not always being made within Procurement Card Policy guidelines.

Recommendation:

We recommend that the Corporate Finance Manager ensures that the following controls are implemented to ensure that guidance within the procurement policy is adhered to, and to safeguard the Council's reputation and finances:

- receipts for purchases should be retained for audit purposes
- officers should record the details of the purchase, to ensure compliance with the Procurement Card Policy, and that impermissible items are not being purchased;
- all telephone and online purchases are made in the name of Herefordshire Council;
- orders should not be split to circumnavigate the £5,000 transaction limit;
- staff should be reminded that they must code their expenditure when inputting their claim.

Agreed Action:

The Corporate Finance Manager has agreed to send an email to all cardholders reminding of them of their responsibilities highlighted above.

Target Date:

30 September 2020

Internal Audit Plan Progress 2020/21

SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

Additional audit work to the Internal Audit Plan Progress 2019/2020 – Commissioning and Value for Money (BBLP) – Limited

The objective of the audit was to provide assurance that the controls relating to the commissioning and contract management arrangements with Balfour Beatty Living Places are well-managed and represent value for money. The Council signed a contract with Balfour Beatty Living Places Limited for the provision of Public Realm services, which commenced on 1st September 2013. This ten-year contract has an option for extension of a further 10 years based on the acceptable strategic performance of the contractor across the initial term.

In July 2018, the Cabinet approved the award of a one-year extension based on the performance in the period 2014-15 to 2016-17. This effectively means that the contract will currently run until 31st August 2024. The planned review and decision around the possible contract extension for the latest period was due to commence on the 1st April 2020.

The audit found the following controls to be operating effectively:

- There is evidence of adequate separation of duties in the expenditure process and each transaction is supported by an authorised service order.
- Agresso Business World is used to record transactions and their details, including authorisation of spend, related orders and any documentation linked to variation of spend, such as early warning notices, risk reduction meetings and compensation events.
- Monthly applications for payment from BBLP are checked so only the commissioned amount shown on the service order is paid, unless supported by an approved compensation request.
- This process includes a sample check of claims and further audit from secondary systems used by BBLP to support eligibility and accuracy of claim. There is evidence of healthy challenge in relation to this process.
- There are responsible officers for each annex in the annual plan who meet regularly with the contractor to discuss service delivery progress. These discussions are included at the established cluster group meetings, which in turn feed into the Operations Board.

Internal Audit Plan Progress 2020/21

SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

- There is evidence to support a reduction in revenue costs in the previous financial year in line with the contract and evidence that the 2020-21 budget has been set with further efficiency savings planned.

Five findings were raised in this report two of which were priority 2 findings and three priority 3 findings.

The priority 3 findings related to compensation events and enhancements to the VFM toolkit to be rolled out across the contract.

Priority 2 Finding:

The planned review and decision around the possible contract extension was due to commence on the 1st April 2020. This has not yet happened and should be progressed.

Recommendation:

We recommend that the Director of Economy and Place review of the contract for years 4-6 is formally programmed and undertaken. This should be considered in line with the contract in relation to the performance in the qualifying period. This exercise should also include a review of the strategic measures and thresholds in light of the current direction of travel at the Council and changes to the relevant funding elements.

Agreed Action:

The Commercial and Contract Manager has agreed a review of the contract for years 4-6 is now due and it will be progressed by the contract management team through the Council's governance process. The data on BBLP's performance during the relevant period is now available now that period has ended. This review will objectively assess performance against the strategic performance indicators that had been set for the qualifying period and will include an independent external assessment. This will enable a recommendation to be put forward for decision in regard to whether a contract extension should be awarded to BBLP based on the performance achieved. A review of the strategic measures and thresholds takes place each year alongside Annual Plan development. Measures and Thresholds are reviewed as part of this process considering the current direction of travel at the Council and changes to the relevant funding elements.

Target date: 31 December 2020

Internal Audit Plan Progress 2020/21

SWAP Performance - Summary of Limited Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit and Governance Committee.



Summary of Limited Assurances and Significant Service Findings (Priority 1 and 2)

Priority 2 finding:

With regards to the commissioning of work under annexes 15 or 16, the mechanisms that demonstrate the client's decision to commission works and services through the Public Realm Services Contract is one that represents best value are not documented.

Recommendation:

We recommend that the Director of Economy and Place creates a mechanism which ensures that the Council can demonstrate transparency in relation to the demonstrations of best value within the framework of Financial Procedure Rules in relation to works completed outside the BBLP annual plan.

Agreed Action:

It is agreed, all relevant commissioning decisions are/ will be made on the basis of Best Value, having considered all relevant commissioning options available through the Contract Procedure Rules. . The Acting Expert Adviser (Special Engineering Projects) has agreed that a specific mechanism will be developed and agreed with legal, finance and procurement to ensure that the Council can demonstrate transparency in relation to the demonstrations of best value within the framework of Financial Procedure Rules in relation to works completed outside the BBLP annual plan. This will be adopted as soon as agreed for all commissioning decisions in relation to works and services outside of the BBLP annual plan.

The contract management processes in place do require the client for any prospective Annex 15 or 16 work to present a decision notice, or record of a decision, taken in accordance with the Council's governance processes. This showing authority to commission a scheme before using the PRSC. Ultimately, the Council's ability to demonstrate that its choice to commission any scheme through the PRSC has been reached on the basis of Best Value sits outside of its management of the PRSC. This finding does not mean that best value cannot be realised through the PRSC when the decision to use it is made following the reasoned consideration of all commissioning options available to the council through its Contract Procedure Rules.

Target date: 30 September 2020

Internal Audit Plan Progress 2020/21

Follow Up audits are completed where the auditor could only provide limited assurance.



Follow Up Audits

Follow Up audits are completed where the auditor could only provide limited assurance. The follow-up audit is to provide assurance to the Director, Senior Management and the Audit and Governance Committee that the key risks have been mitigated to an acceptable level of risk. Evidence is obtained to demonstrate implementation and progress made in relation to all 2019/20 priority 1 and 2 recommendations. For the priority 3 recommendations progress reported is based on self-assessment by relevant officers. Where a key control audit received Reasonable assurance, the key control is included in the plan to follow up on all recommendations to provide assurance that action has been taken to address the recommendations. For key control follow up audit evidence is obtained to demonstrate implementation and progress for all recommendations.

No follow up audits have been completed this quarter.

Internal Audit Plan Progress 2020/2021

Added Value

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.



Added Value

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”.

Risk Management – benchmarking of Risk Management systems used SWAP Partners

Grant Funding Schemes - Small Business Grant Fund / Retail, Hospitality and Leisure Grant Fund – request for information on state aid limits and where business addresses have been referred to the VO for rating and this has not been completed by the end of August for payment of the grant.

Internal Audit Plan Progress 2020/2021

SWAP Performance - Summary of Audit Opinions

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

- Substantial
- Reasonable
- Limited
- No

We also undertake Advisory / Non-Opinion work on a consultancy basis where we have been asked to look at a specific area of potential concern.

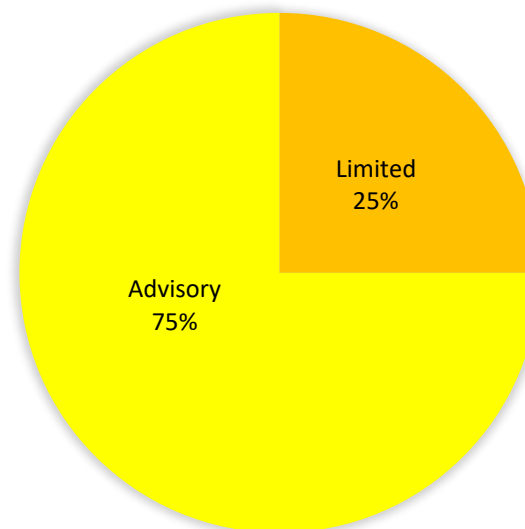
Where we follow up on a previous adverse audit opinion the opinion is stated as follow up.



Summary of Audit Opinion

Of the four reviews that have a final report (at 21 August 2020), the opinions offered are summarised below.

Control assurance by category 2020/21



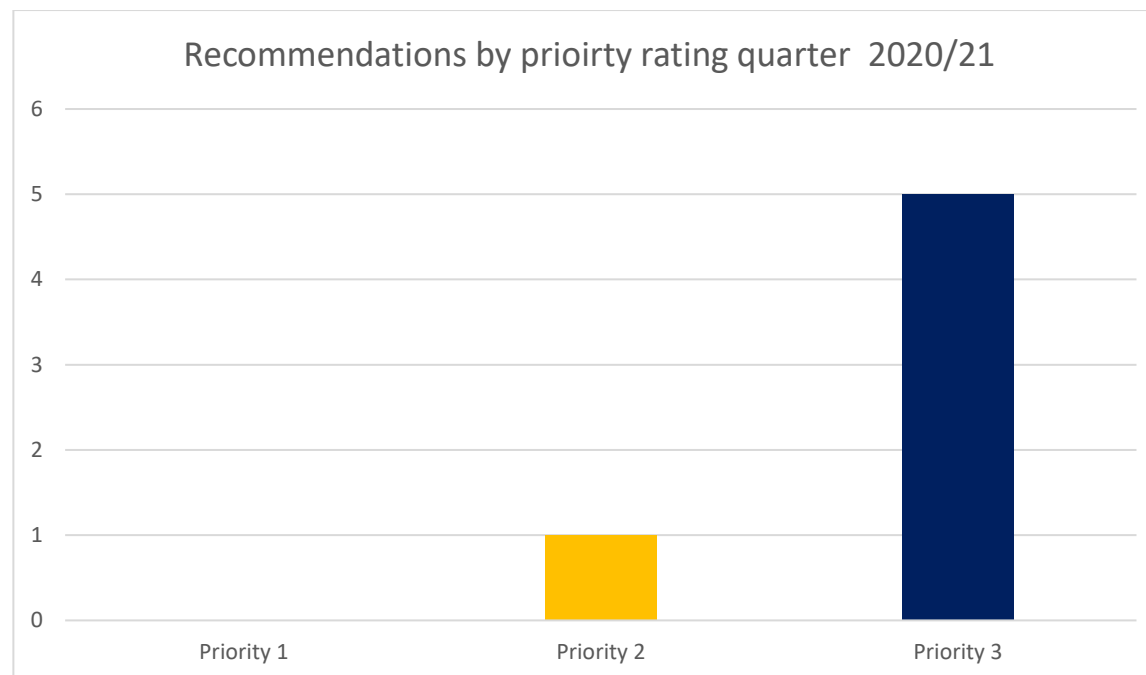
Internal Audit Plan Progress 2020/2021

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 by priority



Internal Audit Plan Progress 2020/2021

We keep our audit plans under regular review to ensure that we are auditing the right things at the right time.



Approved Changes to the Audit Plan

Unplanned work, special reviews or projects carried out on a responsive basis are requested through the Chief Finance Officer (Section 151 Officer). As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Chief Finance Officer (Section 151 Officer) and reported to this Committee.

There will continue to be some disruption to the 2020/21 audit plan due to additional work related to COVID -19 and additional work requested by the Chief Finance Officer.

Since my last update there have been two additional audits added to the 2020/21 plan in quarter 2:

- Loss of Monies – Children’s – Special Investigation Audit
- Local Transport Authority Covid-19 Bus Service Support Restart (Revenue) Grant (CBSSG)– Grant Determination

Proposed Revised Internal Audit Plan 2020-21



Proposed Revised Internal Audit Plan 2020-21

The 2020/21 audit plan has been reviewed following completion of quarter 1 to establish the remaining audit days available for the period August 2020 – March 2021 and Appendix D outlines the proposed revised audit plan for the remainder of 2020/21.

Internal Audit Plan Progress 2020/2021

Conclusion



Conclusion

Since my last update three audits have been completed for the 2020/21 audit plan bringing the total audits completed to four. There are two audits at report stage and there are nine audits in progress.

For the four audits completed two are Advisory reports, one is advisory work and one was assessed as Limited assurance. There were no significant corporate risks or significant findings identified. An additional audit to the 2020-21 audit plan has also been completed and this was assessed as Limited assurance.

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the Service Manager or nominated officer. The aim of the questionnaires is to gauge satisfaction against timeliness, quality and professionalism. A score of 95% would reflect the fact that the client agreed that the review was delivered to a good standard of quality, i.e. agreed with the statement in the questionnaire and satisfied with the audit process and report. For 2020/21 the feedback score is 100%.

As stated above a proposed revised plan has been developed for the remainder of 2020/21. It is however important to note that this plan may be subject to change as the year progresses particularly in light of the Government's continuing requirement for declaration returns on funding in response to the COVID-19 pandemic. There may also be some disruption if officers within the Council are unavailable as they continue to support the changing requirements as a result of COVID-19 pandemic.

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

- Substantial
- Reasonable
- Limited
- No
- Advisory



Audit Framework Definitions

Control Assurance Definitions

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Advisory Report - In addition, to our opinion-based work we will provide consultancy services. The advice offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



Audit Framework Definitions

Risk	Reporting Implications
	In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. 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.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk

Risk	Reporting Implications
	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Area	Corporate Risk	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium		
						Recommendation		
						1	2	3
Corporate Centre (including ICT)								
Accounts Payable	CRR10, CRR23	3	Not Started					
Main Accounting Follow Up	CRR10, CRR23	3	Not Started					
Payroll	CRR10, CRR23	3	Not Started					
Accounts Receivable	CRR10, CRR23	3	Not Started					
Council Tax	CRR10, CRR23	3	Not Started					
NNDR - Business rates avoidance	CRR10, CRR23	3	Not Started					
Treasury Management Follow Up	CRR10, CRR23	3	Not Started					
Housing and Council Tax Benefits	CRR10, CRR23	3	Not Started					
NMITE Project (University)	Accountable Body Requirement	1	Completed	Advisory Report	-	-	-	-
MTFS	CRR.24	4	Not Started					
Commercial Investments	CRR.21	2	Not Started					
Balfour Beatty Contract 1 year (minor to major repairs)	CRR.23	4	Not Started					
Councillor Allowances Overspend	CRR.23, CRR.24	4	Not Started					
Voting restrictions for Members	CRR.20	1	Not Started					
Staff Car Parking - Business passes	CRR.10, CRR.23	1	In progress					

Better Ways of Working (BWOW)	CRR.15	4	Not Started					
Risk Management	All Risks	2	Not Started					
Strategic/Significant Partnerships	CRR.26	2	Not Started					
Brexit Preparedness	CRR.09	4	Not Started					
Cyber Security Framework	CRR.13 CRR.25	3	Not Started					
ICT Governance Risk Review	CRR.13 CRR.25	2	Not Started					
Schools Educational visit service	CRR.12	4	Not Started					
Staff benefit scheme	CRR.08, CRR.23	1	Not Started					
Employee Expenses	CRR.23 CRR.10	2	Not Started					
Leavers Process	CRR.13 CRR.29	2	Not Started					
Economy and Place								
Development Regeneration Programme	CRR.14 CRR.27	1	Not Started					
Local Transport Block Funding	Financial Governance	2	In Progress					
Bus Subsidy Grant	Financial Governance	2	In Progress					
Bellwin /Resilience Management	Financial Governance	2	In Progress					
Commercial Properties/Rents	–	1	Not Started					
Herefordshire Waste Contract	–	4	Not Started					

S106 Agreements	CRR.10 CRR. 18 CRR.20	2	In Progress					
Climate Change	CRR.41	1	Not Started					
Emergency Planning	CRR.11	4	Not Started					
Capital Programme/Capital Projects	CRR.18	4	Not Started					
Adults and Communities								
Care Providers - risk of fraud.	CRR.23 CRR.02	2	Not Started					
Care Panel.	CRR.17	1	Not Started					
Support to self-funders.	CRR.17	1	Not Started					
Integrated Short-Term Support and Care Pathway - Carers Assessment	CRR.17	2	Not Started					
Integrated Short-Term Support and Care Pathway phase 4 Housing Pathway	CRR.17	3	Not Started					
Client Finances	CRR.10, CRR.23	2	Not Started					
West Midlands Peer Review	-	3	In Progress					
Children's and Families								
Troubled Families – monthly review – quarterly report quarter 1	Financial Governance	1	Completed	Advisory Report	-	-	-	-
Troubled Families – monthly review – quarterly report quarter 2	Financial Governance	2	Not Started					
Troubled Families – monthly review – quarterly report quarter 3	Financial Governance	3	Not Started					
Troubled Families – monthly review – quarterly report quarter 4	Financial Governance	4	Not Started					
Schools thematic audit	CRR.23 CRR.03	3 and 4	Not started					

Schools - Off rolling.	CRR.23, CRR.03	2	Not Started					
DP Pre Paid Cards	CRR. 23	3	Not Started					
Accommodation based support service for care leavers with complex needs	CRR.03	3	Not Started					
EHCP (Education, Health and Care Plans)	-	1	Not Started					
Looked after Children and Complex Needs Children's Placements	CRR.03	4	Not Started					
Support for young people not in education, employment or training (NEET)	-	3	Not Started					
Follow Up Audits								
Members Expenses Follow Up	-	3	Not Started					
CHC - Follow Up	-	4	Not Started					
SWTP Phase 1 - Follow Up	-	4	Not Started					
SWTP Phase 2 - Follow Up	-	4	Not Started					
Contingency - Follow Up	-	4	Not Started					
Additional Audits added to the plan for COVID-19								
Grant Funding Schemes - Small Business Grant Fund / Retail, Hospitality and Leisure Grant Fund	CRR.23, CRR.39	1		Advisory Work	-	-	-	-
Transport Contracts	CRR.23, CRR.39	1	In Progress					
Procurement cards	CRR.23, CRR.39	1	Completed	Limited	6	0	1	5
HALO Leisure Centre – Financial review	CRR.23, CRR.39	1	Completed	Advisory Report				
Emergency Decisions	CRR.39	1	Discussion Document					

Local Transport Authority Covid-19 Bus Service Support Restart (Revenue) Grant (CBSSG)	CRR.23, Crr.39	2	In Progress					
Additional Audits approved by the Chief Finance Officer								
Gypsy and Traveller Sites – Special Investigation	CRR.10	1	Draft Report					
Hereford City centre Transport Package – Governance Review	CRR.10	1	In Progress					
Contract Management – BBLP	CRR.38	1	Not started					
Loss of Monies – Children’s - Special Investigation	CRR.23	2	In Progress					
Audit work requested in addition to the 2020-21 audit plan by the Chief Finance Officer								
Commissioning and Value for Money (BBLP)		1	Completed	Limited	5	0	2	3

Proposed Revised Internal Audit Plan 2020-21

As a result of the COVID-19 pandemic, SWAP has had to adapt and change its focus in the short-term.

This has involved audit work redirected to provide support and assurance for COVID-19 processes to assist with the response to the huge challenges faced.

With the Authority moving into a recovery phase from COVID-19, we are now looking to re-commence audit work in some areas.



Background

The internal audit plan for 2020/21 was approved by the Audit and Governance Committee on the 5th May 2020.

Clearly a lot has changed since that date, and as such, an updated and proposed revised audit plan for the remainder of 2020/21 is provided below. The plan that had previously been prepared is likely to remain relevant in many respects, but the huge effort the Authority is undertaking in relation to response and recovery from the COVID-19 pandemic is likely to push back a significant proportion of this work. As such an updated plan has been prepared following consultation with the Chief Finance Officer.

Internal audit continues to respond to request to support COVID-19 work and this will continue to cause some disruption to the plan particularly where there is a definitive date for a declaration to the relevant Government department.

The plan will continue to be reviewed as the year progresses and changes to the plan will be reported to this committee in my Internal Audit progress update reports.

When reviewing the proposed revised internal audit plan, key questions to consider include:

- Are the areas selected for coverage this year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Management Board and Audit and Governance Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

The proposed revised plan identifies where it is suggested to move audits to 2021/22 and includes the additional audits that have already been added to the plan for 2020/21.

Proposed Revised Internal Audit Plan 2020-21

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Link to Corporate Ambition/ Corporate Risk Register	Areas of Coverage	Brief Description	Priority (H, M, L)	Status
Corporate Centre (including ICT)				
Environment, Community, Economy CRR.10 CRR.23	Key Financial Controls Accounts Payable Main Accounting - Follow Up Payroll Accounts Receivable Capital Accounting Council Tax NNDR - Business rates avoidance Treasury Management - Follow Up Housing and Council Tax Benefits	Review of key financial system to provide assurance on effectiveness of controls and management of risks remaining with the Council. The work will assess responses to previous audit coverage and any changes to the control environment. The audit work will also include the use of data analytics.	High	Not Started
Accountable Body Requirement	NMITE Project (University)	Final review to cover February/March 2020	High	Completed
Environment, Community, Economy CRR.24 CRR.23 CRR.20	MTFP	The revenue and capital budgets are set following a robust process using sound and realistic assumptions.	Medium	Not Started
	Commercial Investments	The acquisition of commercial property has become a significant area of activity for some authorities in recent years. Local authorities acquire commercial property for a variety of reasons, but yield is currently an important factor.	Medium	Not Started
	Balfour Beatty Contract 1 year (minor to major repairs)	Review of compliance with contract.	High	Not Started

	Councillor Allowances Overspend	Review of allowances with Members Expenses follow up	Low	Defer to 2021-22
	Voting restrictions for Members	Review of process and how this is monitored.	Low	Defer to 2021-22
Environment, Community, Economy CRR.10 CRR.23 CRR.15 CRR.26 CRR.09	Staff Car Parking - Business passes	Review of process.	Low	In Progress
	Better Ways of Working (BWOW)	Review of BWOW principles and delivery of agreed programme. Deferred from 2019-20	Medium	Defer to 2021-22
	Risk Management	Last reviewed in 2014. Is the Risk Management Framework in place effective and appropriate for managing and monitoring risk?	Medium	Defer to 2021-22
	Strategic/Significant Partnerships	Review the governance arrangements in place between the council and Significant Partners to ensure they support effective transparency and communication and there are adequate contractual or partnership arrangements in place.	Medium	Not Started – planned for quarter 2
	Brexit Preparedness	Is the council prepared for the opportunities and risks that Brexit will bring? Are the short and long term issues that matter most to communities being addressed.	Deferred from 2019/20. Agreed with the Chief Finance Officer. Medium	Not Started
Environment, Community, Economy CRR.13 CRR.25	Cyber Security Framework	This review covers 20 key controls regarding cyber security and allows senior and strategic management to assess risk from a high level and provide requirements or challenge to the ICT provider or service. This review is being undertaken across SWAP partners so can facilitate future benchmarking. A continuous audit approach will be applied to update the results of this review annually.	High	Not Started – planned for quarter 2
	ICT Governance Risk Review	A high-level holistic risk review covering ICT Governance, Infrastructure and Enterprise. This allows senior and strategic management to gain exposure to current ICT risks and to inform future value added ICT audit.	High	Not Started
	Schools Educational visit service	Review of Health and Safety advice to Schools and process for school buy in.	Low	Defer to 2021-22

Environment, Community, Economy CRR.12 CRR.23 CRR.10 CRR.29	Staff benefit scheme	Scheme has been running since July 2019. Review of scheme and accuracy of data - is the scheme delivering the benefit intended.	Low	Defer to 2021-22
	Employee Expenses	Review of automated approval process for expenses under £100. Assurance that self-certification is complying with guidance. Use of Data Analytics Proactive Fraud Work	Medium Use of Data Analytics Proactive Fraud Work	Defer to 2021-22
	Leavers Process	Review of adequacy of process. Previous weaknesses identified in process.	Medium	Defer to 2021-22
Economy and Place				
Environment, Community, Economy CRR.14 CRR.27 CRR.20 CRR.10 CRR.11 CRR.18	Development Regeneration Programme	Scope to be agreed.	Medium	Defer to 2021-22
	Local Transport Block Funding	Grant Certification	High	In Progress
	Bus Subsidy Grant	Grant Certification	High	In Progress
	Bellwin /Resilience Management	Grant Certification	High	In Progress
	Commercial Properties/Rents	Review of the processes and procedures in place for commercial rentals owned and managed by Herefordshire Council. Areas to review - setting of rents and payment terms; discounts; invoicing and debt recovery; write-offs; vetting; rent reviews; tenancy starts and terminations and lease contents. Last reviewed in 2015-16.	Medium	Not Started - planned for quarter 2
	Herefordshire Waste Contract	Herefordshire Council and Worcestershire County Council waste treatment, recycling and disposal services are managed by Mercia Waste Management. What assurance do the council have that the contract is delivering against service expectation, contract delivery.	Medium	Defer to 2021-22
	S106 Agreements	Review of expenditure against s106 agreements - Covers all aspects of s106's not just E&P so include children. Focus on delivery against commitments.	Medium	In Progress

	Climate Change	Herefordshire Council has been working to reduce greenhouse gas emissions by 40% between 2008/09 and 2021, with a new aspirational target for achieving carbon neutrality by 2030. Review of the obligations and processes around carbon management.	Medium	Defer to 2021-22
	Emergency Planning	Review of Emergency Planning response	High	Not Started
	Capital Programme/Capital Projects	Capital Programme - to review a sample of projects across each Directorate.	High	Not Started
Adults and Communities				
Community Ambition CRR.23 CRR.17 CRR.10	Care Providers - risk of fraud.	What assurances do the Council have care is provided as per contract/agreement and the individual annual care plan. Proactive Fraud Work	Medium	Defer to 2021-22 Director of Adults and Communities advised unable to progress this year.
	Care Panel.	Assurance around the process – is it effective?	Medium	Defer to 2021-22 Director of Adults and Communities advised unable to progress this year.
	Support to self-funders.	What is the level of support provided by the Council and how does it compare to other LA's – to include cross partner comparison report.	Medium	Defer to 2021-22 Director of Adults and Communities advised unable to progress this year.
	Integrated Short-Term Support and Care Pathway - Carers Assessment	Pathway, system changes and a new contract in place. Deferred from 2019-20 to allow for implementation of new contract.	Medium	Defer to 2021-22 Director of Adults and Communities advised unable to progress this year.

	Integrated Short-Term Support and Care Pathway phase 4 Housing Pathway	Deferred from 2019-20. Is the Pathway prospective providing a customer journey with consideration of the system in respect of: <ul style="list-style-type: none"> • Moving at the right pace • Fit for purpose • Operating correct model of practice 	Medium	Defer to 2021-22 Director of Adults and Communities advised unable to progress this year.
	Client Finances	Client Finance System - Interface between all systems. Deferred from 2019-20.	Medium	Not Started
	West Midlands Peer Review	Compliance to peer review and progress against recommendations.	Medium	In progress
Additional Adults and Communities Audits				
Community Ambition CRR.23 CRR.17 CRR.10	Workforce Development	Is there a robust workforce development offer to support the frontline services and wider system appropriately? Can this be delivered in the new COVID 19 environment.	High	In Progress
	The Quality Development Framework	In order to establish adherence to the policy and best practice in supervision a quality audit programme was introduced. The purpose of this audit is to verify that the audit process is consistently applied so assurance standards are met.	Medium	Not Started not planned for quarter 3
	Oral Health Needs Assessment Plan	Comments expressed at "Q4" Cabinet. An audit of the progress made against the Oral Health Needs Assessment. It is worth noting that the plan was only completed at the end of 2019 and actually therefore runs from 2020 – 2023. We are technically therefore only at the end of Q2 of year 1 so SWAP may recommend delaying the audit until later in the year.	Medium	Defer to qrt 1 2021-22 this will then give a full year to review of progress against the plan.
	Supervision Practices	Review of performance – noticed there has been some slippage at the front door through the COVID-19 period.	Medium	Not Started planned for quarter 3
Children's and Families				
Community Ambition CRR.03	Troubled Families	Grant Certification review of claims monthly.	High	In Progress
	Schools thematic audit	Scope to include elements of SFVS and Prevention of Fraud	Medium	Defer to 2021-22

CRR.23	Schools - Off rolling.	Building upon the 19/20 schools exclusion work. Piece of work specifically on off rolling.	Low	Defer to 2021-22
	DP Pre Paid Cards	Review of controls for the use of and issue of pre-paid cards. Use of Data Analytics - Proactive Fraud Work.	Use of Data Analytics - Proactive Fraud Work. Medium	In Progress
	Accommodation based support service for care leavers with complex needs	Approach and accommodation for 16-18-year olds.	Medium	Defer to 2021-22
	EHCP (Education, Health and Care Plans)	Education, Health and Care (EHC) Plans are legally binding. A request for an EHC Needs Assessment is made where a child does not make expected progress following the Assess/Plan/Do/Review cycle and the special educational provision required cannot reasonably be provided from within the resources normally available to their educational setting.	Medium	Not Started
	Looked after Children and Complex Needs Children's Placements	A review of the process and the delivery of placements.	Medium	Defer to 2021-22
	Support for young people not in education, employment or training (NEET)	Review of support available - include care leavers and looked after children.	Medium	Not Started
Follow Up Audits				
Follow Up Audits	Members Expenses - Follow Up	Partial assurance 19/20. The work will assess responses to previous audit coverage and any changes to the control environment.	Medium	Not Started – Quarter 4
	CHC - Follow Up			
	SWTP Phase 1 - Follow Up			
	SWTP Phase 2 - Follow Up			
	RNCB Follow Up			
	Homepoint Follow Up			
COVID- 19 Audits Not in 2020-21 Original Plan				
CRR.23	Grant Funding Schemes Small Business Grant Fund / Retail,	Additional audit as a result of Government funding for small businesses.	High	Completed

	Hospitality and Leisure Grant Fund			
	COVID-19 Advice	Advice as requested	High	Ongoing
CRR.20	Emergency Decisions - Decision Making	Review of changes to Emergency Decisions - for COVID-19	High	Discussion Document
CRR.23	Transport Contracts	Additional audit request to review payments for transport contracts in line with the variation to payments.	High	In Progress
CRR.23	Procurement Cards	Review of use of Procurement cards during COVID-19	High	Completed
CRR.23	Local Transport Authority Covid-19 Bus Service Support Restart (Revenue) Grant (CBSSG)	Grant Determination	High	Not Started
Additional Audits requested by the Chief Finance Officer				
CRR.20 CRR.23 CRR.10	Gypsy and Traveller Sites – Special Investigation	Special Investigation	High	Draft Report
	Hereford City Centre Transport Package	Review of spend against 2015 business case - 9 deliverables in the business case - £46M project.	High	In progress
CRR.23	Loss of Monies - Childrens and Families – Special Investigation	Special Investigation	High	In progress
CRR.20 CRR.10	Contract Management – Public Realm Contract	Review of contract management for Public Realm Contract.	High	Not Started