

In partnership with



Appendix A

Herefordshire Council

Internal Audit Update Report As @ 17th January 2024

Publication Date: 17th January 2024


Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Unrestricted






Internal Audit Update Report @ end of Quarter 3 23/24

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion. Internal Audit provides an independent and objective opinion on the Authority’s control environment by evaluating its effectiveness.

Indicative Rolling Opinion

	There is generally a 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.	Action Priority	Description	Actions
		Priority 1	Fundamental	0
		Priority 2	Important	13
		Priority 3	Requires Attention	20

The Headlines for audits completed or planned to date for 2023/24

	Coverage – Coverage of internal audit work is aligned to the corporate priorities. Further work is planned to realign the work programme to the latest set of strategic risks in the 24/25 internal audit planning process which is currently ongoing.
	Activity - 41 assignments are complete or in progress at the end of Quarter 3 The Internal audit team are on track to deliver an annual opinion. Additional resources will be brought in for Quarter 4 to increase activity and oversight.
	Outcomes – 89% of the opinion related work found the control environment to be either Substantial or Reasonable assurance. There are no high corporate risks to be reported, but there was an assignment with a “Limited Assurance” audit opinion on ICT back-ups.
	Oversight – Audit Management dashboards provide oversight on internal audit activity. This functionality will be rolled out to Senior Officers over the coming weeks.
	Quality – Internal Audit work either met or exceeded expectation in 95% of audits completed.

Assurance Opinions as @ Q3	
Substantial	1
Reasonable /Certified	16
Limited	2
No Assurance	0
Special/ Advisory	6
Progress/ Plans as @ Q3	
Complete	27
In Progress	14
Waiting to Go Live	8
Future Proposed	11

Internal Audit Update Report @ end of Quarter 3 23/24



The assessment of none, some, and good is based on the number of audits in these areas and the scope of the audits. This gives the Committee assurance that internal audit is aligned to the corporate risks although we would not expect all audits to align to all corporate risks.

A risk assessment for 2023/24 has been undertaken that maps internal audit work to corporate priorities and risks. This will ensure that internal audit coverage is focused into key areas.

A refreshed risk assessment is currently being undertaken which will feed into the 2024/25 internal audit work programme.

Internal Audit Work Programme and Coverage

We have assessed internal audit coverage based on the corporate priorities taken from Herefordshire Council's County Plan 2020-24. Please note as future proposed audits are not scoped yet there is potential for coverage to increase.

Partnership with 		ROLLING AUDIT PLAN as at: 17/01/2024		
Corporate Priority		Coverage (Completed Audits)	Average Opinion of Completed Audits	
HC P01 - Environment - Protect and enhance our environment and keep Herefordshire a great place to live		Adequate	Reasonable	
HC P02 - Community - Strengthen communities to ensure everyone lives well and safely together		Good	Reasonable	
HC P03 - Economy - Support an economy which builds on the county's strengths and resources		Adequate	Reasonable	

Assurance	Description
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

Coverage	Description
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In Progress	Some aspects of audit coverage in progress
None	No audit coverage to date

NB
 • Hover over the description for further details

NB
 • Only includes audits completed within past 2 years from current date
 • Audits completed over 1 year from current date have a reduced impact on audit coverage

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

- Substantial
- Reasonable
- Limited
- No

The schedule provided in Annex B contains a list of those audits completed, in draft, and in progress.

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

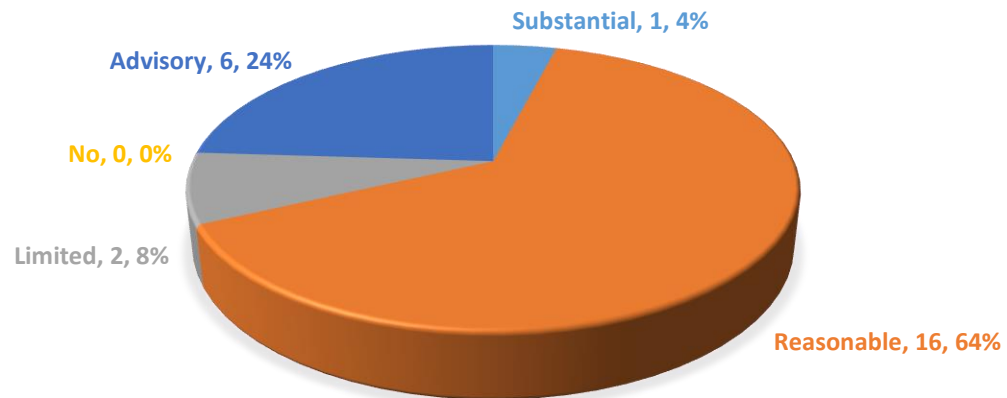


Internal Audit Progress and Outcomes

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 deliver an annual opinion. Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of agreed actions that have been raised with management. The assurance opinion ratings have been determined in accordance with the “Audit Framework Definitions” as detailed in Annex 1 of this document.

41 assignments have been completed or are in progress. A special investigation is still in-progress at the end of Quarter 3. These are shown in more detail in Annex 2.

SPLIT OF AUDIT OPINIONS AS AT Q3 23/24



Internal Audit Plan Progress 2023/24

There are no high corporate risks that should be brought to the Committee’s attention for Quarter 3.

ICT Security audits can identify specific vulnerabilities that could be maliciously exploited. Therefore, it is suggested that the details of the report and Council agreed actions are considered at the next meeting of the Audit & Governance Committee.



Significant Corporate Risks 2023/24

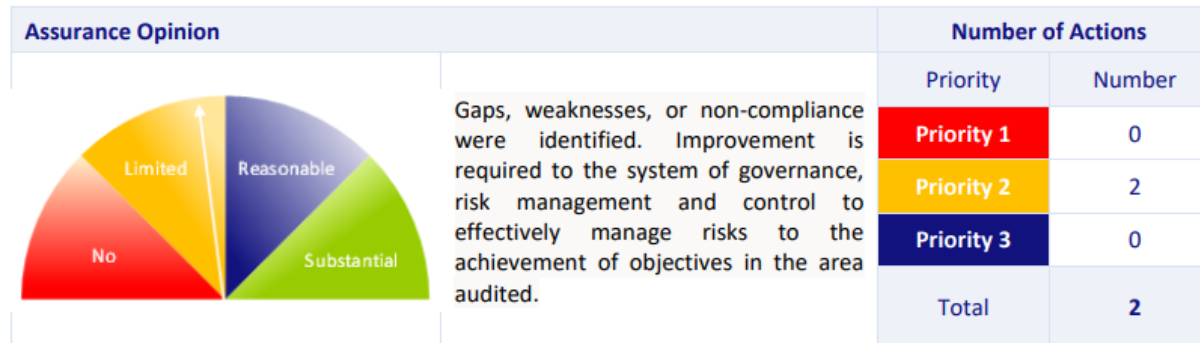
Whilst there are no high corporate risks, the role of internal audit is to bring areas of concern to the attention of the Committee. Below is an extract from a report by SWAP’s Specialist ICT Team on ICT Backups which has been given a “Limited” Opinion:

Herefordshire Council ICT Backup – Final Report – December 2023

Audit Scope

SWAP reviewed the expected controls around the current Corporate Backup Routines, examining any links from any potential business impact analysis to how these can be used to facilitate potential business continuity processes. The specific scope examined:

- Requirements for the backups have been drafted and agreed following an impact analysis of systems and data aligned with IT Standard Good Practice routine.
- Arrangement and management for backup routines are operating effectively using appropriate technology and backup media.
- Assurances are provided regarding the integrity of backups necessary for partial or full restore.



Internal Audit Plan Progress 2023/24

Follow-up audits are completed where assurance is graded as No or Limited assurance.

They are timed to coincide with the delivery of the agreed actions.



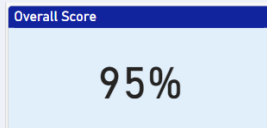
Follow-up Audits

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. The table below shows the follow-up position:

Audit Name	Status	Outcome
Section 106	Complete	Actions remediated - No significant risks
Pool Cars	Complete	Significant progress - Minimal risk
Building Maintenance & Cleaning	Complete	Significant Progress - Minimal risk
Education Healthcare	Complete	Actions Remediated – No significant risks
Disaster Recovery	Complete	Actions Remediated – No significant risks
Public Realm Contracts	In Progress	
Registration Service, Housing - Financial Processes	Planned Q4	

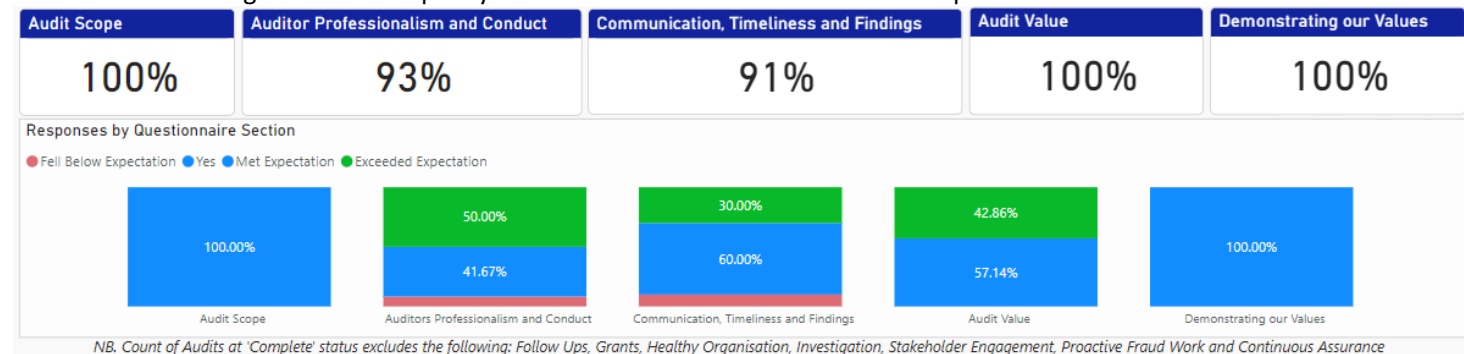
The client feedback shows that internal audit work adds value.

The overall customer satisfaction level for Herefordshire Council is:



Quality 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% reflects the fact that the client agreed that the quality of the review either exceeded or met expectation.



Internal Audit Progress Report @ Q3 2023/24

Contact Information

SWAP is an internal audit partnership covering 22 organisations. Herefordshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

The contacts at SWAP in connection with this report are:

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ANNEX 1

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

- Substantial
- Reasonable
- Limited
- No

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.

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

ANNEX 1

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.

Actions	Reporting Implications
	In addition to the corporate risk assessment, it is important that management know how important the issue 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 action 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.



ROLLING AUDIT PLAN as at:

16/01/2024



'COMPLETED' audits

Audit Title	Assurance Opinion	Number of Actions & Priority			Organisational Risk Assessments	Completed Date
		1	2	3		
HC Blue Badge	Reasonable (Low)			2	Low	09 January 2024
HC Payroll	Reasonable (Low)		2	4	Medium	20 December 2023
ICT - HC ICT Backup	Limited (High)		2		Medium	15 December 2023
HUG2 (Ph.2) Grant - Contract Status Review	Advisory				Medium	06 December 2023
HC Green Homes Grant LAD 3 31/5775	Reasonable (Medium)				Low	04 December 2023
HC - Local Transport Capital Block Funding Grant 2022/23	Reasonable (Medium)				Low	29 September 2023
HC Bus Subsidy Grant 2022/23	Grant Certification				N/A	29 September 2023
HC Education Health Care Plan Follow Up	Follow Up				N/A	29 September 2023
HC Supporting Families Q2 2023/24	Reasonable (Medium)			1	Low	29 September 2023
HC - Biodiversity Net Gain Grant Determination 2022/23, Grant No.:31/6499	Reasonable (Medium)				Low	28 September 2023
HC Disaster Recovery - Follow Up	Follow Up				N/A	20 September 2023
HC Housing England Compliance Audit 2023/24	Grant Certification				Low	20 September 2023
HC Whistleblowing	Reasonable (High)		3	1	Low	28 July 2023

Internal Audit Progress Report @ Q3 2023/24

ABI Dashboards / Rolling Plan- Herefordshire County Council

Analytics DB Access



ROLLING AUDIT PLAN as at:

16/01/2024



Filter by Audit Period	Filter by Directorate	Number of Actions & Priority		'COMPLETED' audits	
Multiple selections	All				
HC Home Upgrade Grant HUG 1 - 31/5775	Reasonable (Medium)			Low	27 July 2023
Audit #1382				N/A	25 July 2023
HC Green Homes Grant HUG 2 Mobilisation- 31/6400 - 2022/23	Reasonable (Medium)			Low	21 July 2023
HC Supporting Families Q1 2023/24	Reasonable (Medium)			Low	17 July 2023
HC S106 Agreement Follow up	Follow Up		1	N/A	20 June 2023
HC Whitbourne S106 Follow Up	Follow Up			N/A	16 June 2023
HC Building Maintenance and Cleaning Agreement Follow Up	Follow Up			Low	15 May 2023
HC DFG 2021/22	Reasonable (High)			Low	15 May 2023
HC Main Accounting	Reasonable (High)	1		Low	25 April 2023
HC Supporting Families Q4 2022/23	Reasonable (Medium)			Low	25 April 2023
HC Housing Solutions Team Financial Processes	Limited (Medium)	5	5	Medium	13 April 2023
HC Pool Cars Follow Up	Follow Up			Low	11 April 2023
HC NNDR 2022/23	Reasonable (High)		4	Low	06 April 2023
HC Treasury Management	Substantial (Low)		2	Low	03 April 2023



SWAP 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.

Internal Audit Progress Report @ Q3 2023/24



ROLLING AUDIT PLAN as at:

17/01/2024



Filter by Directorate

All

'IN PROGRESS' audits

Audit Title	Fieldwork Complete				Draft Report Issued	Final Report Issued	Type of Work	Fieldwork Start Date
	25%	50%	75%	100%				
HC - Special Review: Court of Protection – Follow Up 2023/24							Assurance	15/11/2021
HC Accounts Payable	█	█	█	█			Assurance	19/01/2023
HC - P- Card Proactive Fraud Review	█	█	█	█	04/12/2023		Proactive fraud work	13/03/2023
HC - Fraud Advice Code 2023-24	█	█					Advisory	01/04/2023
HC Taskforce -Commissioning & Resources Delivery Board 2023/24	█	█	█				Advisory	01/04/2023
HC Taskforce Service and Practice Delivery Board 2023/24	█	█	█				Advisory	01/04/2023
HC Taskforce Workforce Delivery Board 2023/24	█	█	█				Advisory	01/04/2023
HC Budgetary Control Forecasted Costs for Placements	█	█	█	█	15/01/2024		Assurance	13/04/2023
HC Follow up of Public Realm/BBLP Related Audits	█	█	█	█			Follow up	21/04/2023
HC - Data Breaches	█	█					Assurance	22/05/2023
HC Destination Bid Lessons Learned (Hereford (DBID))	█	█	█				Assurance	11/09/2023
HC Direct Payments Support Services: Managed Accounts	█	█					Assurance	03/10/2023
HC- Hereford Enterprise Zone - Sales	█	█	█				Assurance	07/11/2023
HC Museum Project Review	█	█	█				Advisory	20/11/2023



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Internal Audit Progress Report @ Q3 2023/24



ROLLING AUDIT PLAN as at:

17/01/2024



Filter by Directorate

'WAITING TO GO LIVE' audits

Audit Title	Type of Work
HC - Social Care Reform: Follow Up of WM ADASS Readiness Review	Assurance
HC All Ages Commissioning - Use of Spot Purchasing (was HC All Ages Services - Commissioning)	Assurance
HC Commissioning All Ages - Performance and Monitoring	Assurance
HC Planning Enforcement	Assurance
HC Safer Recruitments	Assurance
HC Supporting Families Q4 2023/24	Grant Certification
HC Waste Strategy Contract	Assurance
ICT HC Security Assurance Framework Review (SAFR)	ICT



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Internal Audit Progress Report @ Q3 2023/24

in partnership with  **Herefordshire Council** **ROLLING AUDIT PLAN as at:** 17/01/2024  **SWAP**
INTERNAL AUDIT SERVICES
Helping Operations to Succeed

Filter by Directorate

All ▼

'FUTURE PROPOSED' audits

Audit Title	Type of Work	Priority	Background
HC - Financial Resilience Checks	Assurance	Higher priority	Following concerns raised during a recent grant aided project where issues were identified about the appointment of the main contractor who was subsequently found to have indicators of financially instability
HC - Management of Temporary Employees	Assurance	Higher priority	To review the the process of the appointment and management of longer term temporary employments
HC Polygamous/Dual Employment	Assurance	Higher priority	Review control framework around recruitment and management of staff to ensure the Council has controls in place to reduce the risk of dual employment.
HC - Procurement Frameworks	Assurance	Medium priority	To review to the Council create and review its framework contracts (DPS)
HC - Recruitment, Retention and Talent Management	Assurance	Medium priority	To ensure that the Council has a capable and resilient workforce by recruiting people with appropriate skills to key posts and promoting talent to retain key skills.
HC Data Maturity Assessment	Assurance	Medium priority	Request for audit from CLT in response to thematic issue raised in Internal Audit Progress Reports 2021/22.
HC Risk Management	Assurance	Medium priority	Concerns expressed around the lack of information on the Risk Registers, particularly around the mitigation of risks, lack of movement on risk rating and whether there is a consistent approach to risk management across directorates. Will also review the Council's approach to risk appetite
Grants Certification - Risk Based Approach - Awareness and Education	Advisory	Lower priority	An advisory piece to promote effective administration of government grants.
HC - Tender Evaluation Process	Assurance	Lower priority	To review the tender evaluation and scoring and decision process to ensure there is diligence around the appointment of contractors.
HC Active Travel Plans - Public Transport	Assurance	Lower priority	To review the controls and governance in the delivery of the active travel plans.
HC Debtors (Accounts Receivable)	Assurance	Lower priority	Key Financial Control Assurance Work



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ROLLING AUDIT PLAN as at: 17/01/2024



Filter by Directorate

All

'DEFERRED' audits

Audit Title	Rationale for Deferment
HC - Proactive Fraud Work Tax Evasion	Temporarily deferred as HMRC are currently carrying out their own review at the Council.
HC Fostering	11/08/2023 - Agreed to pause audit temporarily until the Budgetary Control Forecasted Costs for Placements audit is completed as there is an overlap of scope.
HC Staff Car Parking Business Passes – Follow Up	Due to unforeseen circumstances this follow up is being deferred indefinitely. Partner has been emailed to continue working on the actions and keep audit informed with updates.



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