

In partnership with



Appendix A

Herefordshire Council

Internal Audit Update Report

As of 8th March 2024

Publication Date: 8th March 2024

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Unrestricted

Internal Audit Progress Report 2023/24

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.






Summary of high organisational risks, limited or no assurance opinions and high priority actions agreed.

No high organisational risks identified as part of this progress report

Four Priority 2 Findings identified

One Limited assurance audit

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

	Ongoing coverage of internal audit work is aligned to the corporate priorities and shown in the report. Work is planned to align the audit plan to the Council's corporate risks, SWAP's sector-wide top 10 risk areas and the 8 strands of our 'Healthy Organisation' framework to demonstrate coverage across these key areas.
	45 assignments are complete or in progress at the time of this progress report. Of the 16 in progress 4 are at report stage. 6 Follow Up Audits have been completed.
	90% of opinion related work found the control environment to be either Substantial or Reasonable assurance.
	Audit Management dashboards provide real time oversight of internal audit activity. This functionality has been rolled out to Senior Officers with the view to extend this further including the committee.
	Internal Audit work either met or exceeded expectation in 97% of audits where a post audit questionnaire was completed. This is based on a 73% return rate. 11 post audit questionnaires completed and returned of 15 issued.

Assurance Opinions

Substantial	1
Reasonable /Certified	17
Limited	3
No Assurance	0
Advisory	3

Internal Audit Agreed Actions

Priority 1	0
Priority 2	17
Priority 3	21

Audit Status

Complete	30
In Progress	17
Waiting to Go Live	5
Future Proposed	14

Internal Audit Progress Report 2023/24

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

The assessment of coverage (none, in progress, some, adequate 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 priorities and risks although we would not expect all audits to align to all corporate risks.



Internal Audit Work Programme and Coverage – Corporate Priorities

Internal audit coverage has been assessed to show coverage against the corporate priorities taken from Herefordshire Council’s County Plan 2020-24.

Corporate Priority	Coverage	Average Opinion
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

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

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

Internal Audit Plan Progress 2023/24

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Internal Audit Work Programme and Coverage - Risk

Internal audit coverage has been assessed to show coverage against the Council’s Corporate Risks as of July 2023.

Strategic Risk	Coverage	Average Opinion
HC R60 - Development of Sufficiency strategy to support best value model	None	
HC R61 - Market workforce economy	None	
HC R63 - Hereford City Centre Transport Package	In Progress	
HC R64 - Inability to recruitment and retain social care staff and other key roles within the service	None	
HC R67 - Ash Dieback (Chalara)	None	
HC R68 - Waste Collection Vehicles - lead time for supply of new vehicles	None	
HC R69 - Hereford City Centre Improvement (HCCI) Programme	In Progress	
HC R70 - Hereford City Centre Improvements - delivery within LEP timescale	In Progress	
HC R71 - Hereford City Centre Improvement - decision making and Vfm	In Progress	
HC R72 - Adult Social Care Reform	Some	Non Opinion Audits
HC R73 - Removal or reduction of ring-fence around Public Health budget	None	
HC R74 - School Assets	None	
HC R75 - SEND Inspection - Risk of adverse inspection	Some	Non Opinion Audits

Internal Audit Progress Report 2023/24

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Internal Audit Work Programme and Coverage

Strategic Risk	Coverage	Average Opinion
HC R76 - Educational Placements	Some	Non Opinion Audits
HC R77 - Increase in out of county educational placements	Some	Non Opinion Audits
HC R78 - Impact of Statutory Direction	None	
HC R79 - Herefordshire fuel poverty level	None	
HC R80 - Supply chain capacity	None	
HC R81 - Reviews - capacity, timeliness and statutory duty of care	None	
HC R82 - Contract Fleet Lease Expiry	None	

* Right click on any line in the table above and "Drill through" to see details of the audits that make up the coverage

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

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

Further work is planned to align the audit plan to the Council's corporate risks, SWAPS sector wide top 10 risk areas and the 8 strands of our 'Healthy Organisation' framework to demonstrate coverage across these key areas.

It is the responsibility of the Corporate Leadership Team, and the Audit & Governance Committee to ensure that the audit work proposed and completed throughout the year contains sufficient and appropriate coverage of key risks. Please note as future proposed audits are not yet scoped there is potential for coverage to increase.

Internal Audit Progress Report 2023/24

Summary of Audit Opinions

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

- Substantial
- Reasonable
- Limited
- No

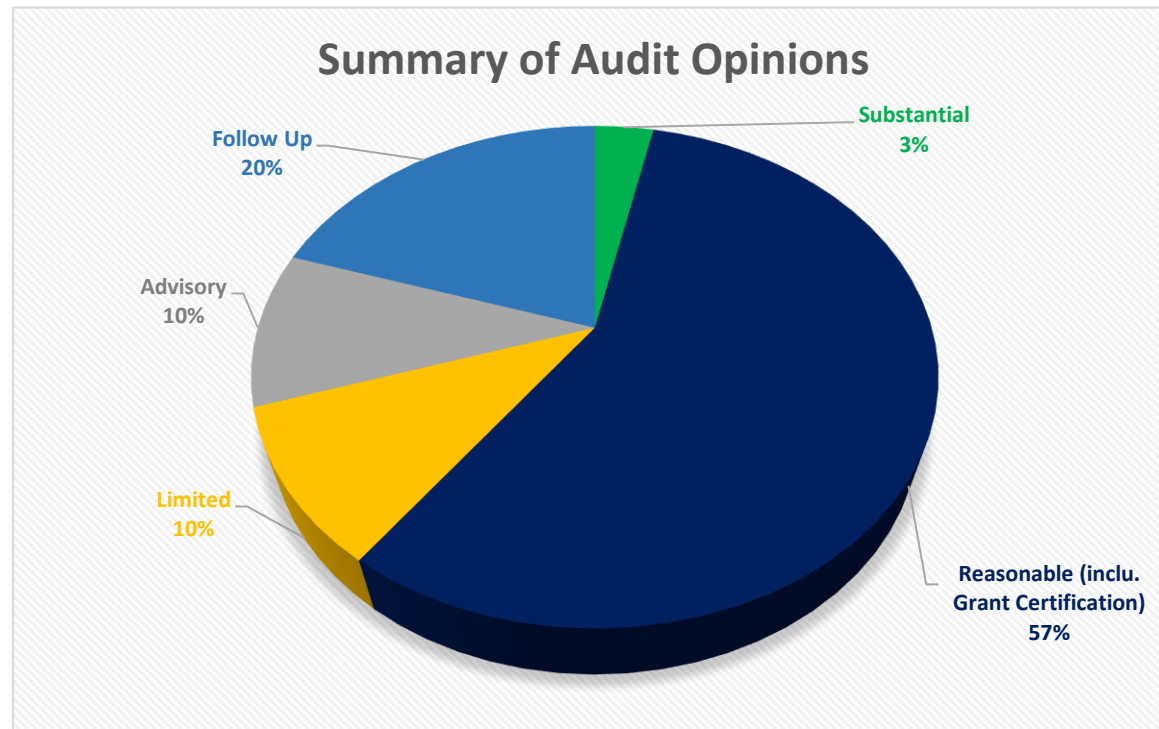
We also undertake Advisory / Non-Opinion work on a consultancy basis where we have been asked to look at a specific area of potential concern



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. Annex B contains a list of those audits completed.

The assurance opinion ratings have been determined in accordance with the “Audit Framework Definitions”, detailed in Annex 1.



Internal Audit Plan Progress 2023/24

Summary of High Organisational Risks to brought to the Committee’s attention.

Summary of Limited Opinions, including actions identified as being high priority.

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.



High Organisational Risks and Limited/No Assurance

There are no high organisational risks identified as part of this progress update.

Supporting Families Q3 received a limited assurance, and Accounts Payable had 3 priority 3 actions. Both audits were assessed as a low organisational risk assessment as we believe actions can be addressed by service management in their area of responsibility.



Follow-up Audits

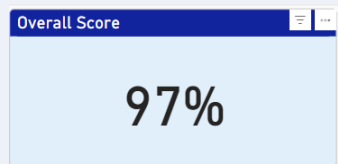
Follow-up audits provide assurance to the Director, Senior Management and the Audit and Governance Committee that key risks have been mitigated to an acceptable level. The table below shows the follow-up position:

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 / BBLP Related Audits	In Progress	
Registration Service	In Progress	

Internal Audit Plan Progress 2023/24

The client feedback shows that internal audit work adds value.

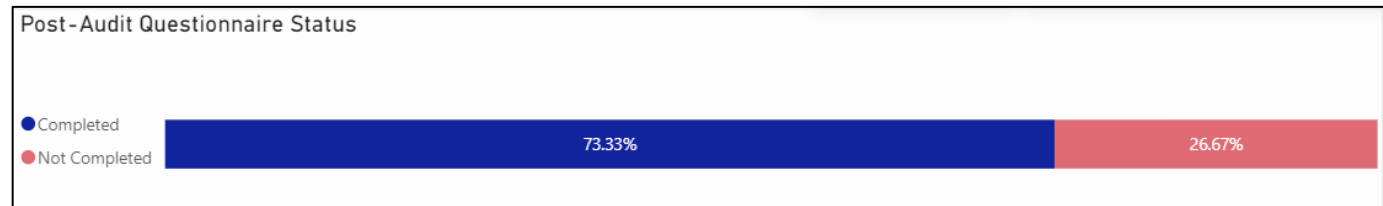
The overall customer satisfaction level for Herefordshire Council is:



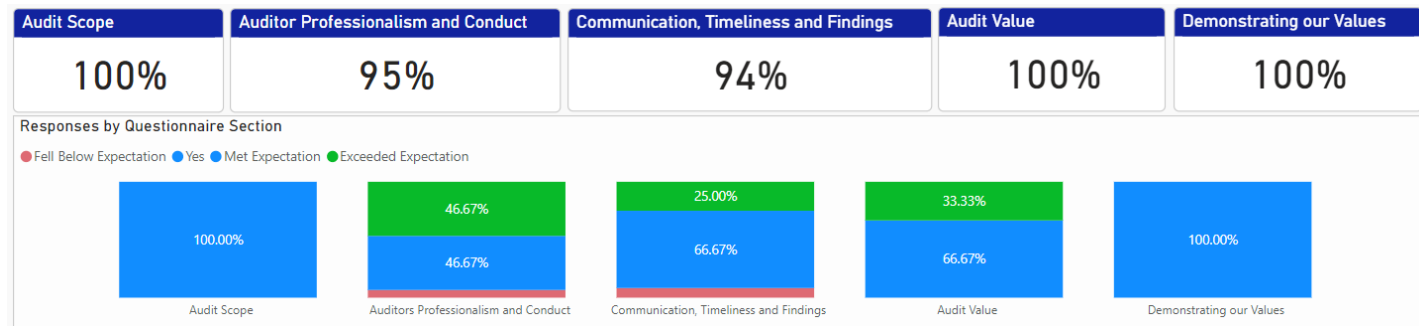
Quality Assurance

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.

The Post-Audit Questionnaire Status refers to 15 questionnaires having been sent out. 11 of these have been returned.



A score of 97% reflects the fact that the client agreed that the quality of the review either exceeded or met expectation.



SWAP Audit Framework and Definitions

Audit Assurance Definitions	
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.
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.
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.
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.

Organisational Risk Assessment Definitions	
Assessment	Organisational Risk & Reporting Implications
High	Our audit work includes areas that we consider have a high organisational risk and potential significant impact. The key audit conclusions and resulting outcomes should be considered by both senior management and the Audit Committee.
Medium	Our audit work includes areas that we consider have a medium organisational risk and potential impact. The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.
Low	Our audit work includes areas that we consider have a low organisational risk and potential impact. We believe the key audit conclusions and any resulting outcomes still merit attention, but could be addressed by service management in their area of responsibility.

Categorisation of Actions	
In addition to the organisational risk assessment it is important to know how important the individual management actions are. Each action has been given a priority rating 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:

08/03/2024



All 'COMPLETED' Audits

Filter by Audit Period		Filter by Directorate			Number of Actions & Priority			Organisational Risk Assessments	Completed Date	Link to Final Report
2023/24		All			1	2	3			
Audit Title	Assurance Opinion	1	2	3	Organisational Risk Assessments	Completed Date	Link to Final Report			
HC Accounts Payable	Reasonable (Low)		3	1	Medium	04 March 2024				
Food Waste Collections – Capital Transitional Grant No. 31/7069	Grant Certification				Medium	01 March 2024				
HC Supporting Families Q3	Limited (High)		1		Low	01 March 2024	🔗			
HC HUG2 (Ph.2) Grant - Contract Status Review	Advisory				Medium	27 February 2024				
HC Blue Badge	Reasonable (Low)			2	Low	09 January 2024				
HC Payroll	Reasonable (Low)		2	4	Medium	20 December 2023				
HC ICT Backup	Limited (High)		2		Medium	15 December 2023				
HC Green Homes Grant LAD 3 31/5775	Grant Certification				Low	04 December 2023				
HC - Local Transport Capital Block Funding Grant 2022/23	Grant Certification				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	Advisory				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				
HC Home Upgrade Grant HUG 1 - 31/5775	Grant Certification				Low	27 July 2023				
Audit #1382					N/A	25 July 2023				
HC Green Homes Grant HUG 2 Mobilisation- 31/6400 - 2022/23	Grant Certification				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				



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.



ROLLING AUDIT PLAN as at:

08/03/2024



All 'COMPLETED' Audits

Filter by Audit Period		Filter by Directorate			Number of Actions & Priority				
All		All							
Audit Title	Assurance Opinion	1	2	3	Organisational Risk Assessments	Completed Date	Link to Final Report		
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			



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ROLLING AUDIT PLAN as at:

08/03/2024



Filter by Directorate

All 'IN PROGRESS' audits

All

Audit Progress

Audit Title	25%	50%	75%	100%	Draft Report Issued	Final Report Issued	Type of Work	Fieldwork Start Date	Notes
	Fieldwork Complete								
HC Destination BID Lessons Learned (Herefordshire DBID)	█	█	█	█	01/03/2024		Assurance	11/09/2023	Report with client for comments.
HC Procurement Card Proactive Fraud Review	█	█	█	█	22/02/2024		Proactive fraud work	13/03/2023	Report with client for final comment
HC Hereford Enterprise Zone - Sales	█	█	█	█	15/02/2024		Assurance	07/11/2023	Working with client to agree report
HC Museum Project Review	█	█	█	█	29/01/2024		Advisory	20/11/2023	Additional evidence provided, further work completed and revised draft report issued
HC Budgetary Control Forecasted Costs for Placements	█	█	█	█			Assurance	13/04/2023	Report in process of being drafted.
HC Data Breaches	█	█	█	█			Assurance	22/05/2023	
HC Direct Payments Support Services: Managed Accounts	█	█	█	█			Assurance	03/10/2023	Findings and Action Plan provided to client 01/03/2024 for completion/agreement
HC Follow up of Public Realm/BBLP Related Audits	█	█	█	█			Follow up	21/04/2023	
HC Grants Working Group	█	█	█	█			Advisory	01/07/2023	
HC ICT Security Assurance Framework Review (SAFR)							ICT	26/02/2024	Audit brief with client for comment
HC Planning Benchmarking	█						Advisory	18/01/2024	
HC Registration Service Follow Up							Follow up	18/03/2024	
HC Supporting Families Q4	█	█	█				Grant Certification	30/01/2024	Q4 January and February cases completed.



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ROLLING AUDIT PLAN as at:

08/03/2024



Filter by Directorate

All 'IN PROGRESS' audits

All

Audit Progress

Audit Title	Fieldwork Complete				Draft Report Issued	Final Report Issued	Type of Work	Fieldwork Start Date	Notes
	25%	50%	75%	100%					
HC Taskforce Commissioning & Resources Delivery Board	█	█	█	█			Advisory	01/04/2023	
HC Taskforce Service and Practice Delivery Board	█	█	█	█			Advisory	01/04/2023	
HC Taskforce Workforce Delivery Board	█	█	█	█			Advisory	01/04/2023	
HC Use of CIFAS (Fraud Sharing Database) including support and advice	█	█	█	█			Advisory	01/04/2023	



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ROLLING AUDIT PLAN as at:

08/03/2024



Filter by Directorate

All 'WAITING TO GO LIVE' audits

All

Audit Title	Type of Work	Notes
HC All Ages Commissioning - Use of Spot Purchasing	Assurance	Audit brief in the process of being drafted
HC Court of Protection	Advisory	
HC Planning Enforcement	Assurance	Audit brief issued 26/02/2024. Client feedback received and brief will be reissued to be agreed.
HC Safeguarding in Recruitment Processes	Assurance	Audit brief in the process of being drafted
HC Waste Strategy Contract	Assurance	Initial meeting to scope audit scheduled for 11/03/2024



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ROLLING AUDIT PLAN as at:

07/03/2024



Filter by Directorate

All 'FUTURE PROPOSED' audits

All

Audit Title	Type of Work	Priority	Notes
HC Financial Resilience Checks	Assurance	Higher priority	
HC Management of Temporary Employees	Assurance	Higher priority	
HC Polygamous/Dual Employment	Assurance	Higher priority	
HC Social Care Reform: Follow Up of WM ADASS Readiness Review	Assurance	Higher priority	
HC Data Maturity Assessment	Assurance	Medium priority	
HC Procurement Frameworks	Assurance	Medium priority	
HC Recruitment, Retention and Talent Management	Assurance	Medium priority	
HC Active Travel Plans - Public Transport	Assurance	Lower priority	
HC Debtors (Accounts Receivable)	Assurance	Lower priority	
HC Main Accounting	Assurance	Lower priority	
HC School Establishment Audits	Assurance	Lower priority	
HC Sustainable Procurement	Assurance	Lower priority	
HC Tax Evasion (Proactive Fraud Work)	Proactive fraud work	Lower priority	
HC Tender Evaluation Process	Assurance	Lower priority	



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ROLLING AUDIT PLAN as at:

07/03/2024



Filter by Directorate

All

Audits 'DEFERRED' in the past 2 years

Audit Title	Rationale for Deferral
HC Commissioning All Ages - Performance and Monitoring	Audit deferred due to service resourcing and outcomes of LGA review. Revisit with client in April 2024
HC Fostering	Agreed to pause audit temporarily until the Budgetary Control Forecasted Costs for Placements audit is completed as there is an overlap of scope.
HC Risk Management	Agreed with Director of Public Health to defer audit due to the Director having recently taken responsibility of this area. Agreed with the Chief Finance Officer to defer till Q3 2024/25.



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