

In partnership with



Appendix A

Herefordshire Council

Internal Audit Update Report

As @ 9th January 2025

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Unrestricted

Internal Audit Progress Report 2024/25

Indicative Rolling Opinion



Our work highlighted there is generally a sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives.

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

No High organisational risks identified this period.

7 Priority 2 Findings identified.

2 Limited Assurances identified.

Summary of this reporting period

	<p>Ongoing coverage of internal audit work continues to be aligned to the Council's corporate risks and priorities, SWAPs sector wide top 10 risk areas to demonstrate coverage across these key areas.</p> <p>It is noted the Council are currently in the process of revising the Risk Management Strategy and the Corporate Risk Register.</p> <p>Links to corporate risks remain largely the same as the last progress update but this is to be expected as we await the Council's revised Corporate Risk Register.</p>
	<p>Four assignments have been completed since our last progress report.</p> <p>Eleven assignments are currently in progress. Three of these are at draft report stage.</p>
	<p>An update on the tracking of internal audit actions has been included in this report. A further 27 actions have been closed and revised timescales agreed for 20. Further detail of the status of internal audit actions, as well as additional functionality, is available through AuditBoard and is now available to Committee Members.</p>
	<p>Our Internal Audit Rolling Plan dashboard provides further oversight on the internal audit activity and can be accessed at any time to show live information.</p>
	<p>Internal Audit work either met or exceeded expectation in 99% of audits where a post audit questionnaire was completed. This is based on a 64% return rate (21 of 33 post audit questionnaires completed and returned).</p>

Assurance Opinions

Substantial	1
Reasonable/Certified	1
Limited	2
No Assurance	0
Advisory	0
Follow Up	0
Investigations	0

Internal Audit Agreed Actions

Priority 1	0
Priority 2	7
Priority 3	4

Internal Audit Progress Report Q3 2024/25 – Completed Audits



ROLLING AUDIT PLAN as at:

09/01/2025



All 'COMPLETED' audits

Filter by Directorate		Filter by Audit Period		Number of Actions & Priority			Organisational Risk Assessment	Completed Date	Report Link
All		2024/25		1	2	3			
Audit Title	<i>Hover over text to view whole title</i>	Assurance Opinion	1	2	3	Organisational Risk Assessment	Completed Date	Report Link	
All Ages Commissioning - Use of Spot Purchasing Non Accommod...		Limited (Low)		4	2	Medium	08/01/2025	🔗	
Court of Protection 24-25		Limited (Medium)		3	1	Medium	08/01/2025		
Supporting Families Q3 24/25		Grant Certification				N/A	06/01/2025	🔗	
Local Authority Designated Officer (LADO) and Referrals to the DBS		Substantial (Low)			1	Low	01/11/2024	🔗	
Changing Places Fund Grant Determination (2023-2024): No 31/68...		Advisory				N/A	27/09/2024		
Local Transport Capital Block Funding (Pothole Fund) Specific Grant...		Grant Certification				N/A	27/09/2024	🔗	
Local Authority Bus Subsidy (Revenue) Grant: Determination 2023/...		Grant Certification				N/A	24/09/2024	🔗	
Supporting Families Q2 24/25		Grant Certification				N/A	24/09/2024	🔗	
Planning Benchmarking		Advisory				N/A	12/09/2024	🔗	
Foster Care Placements		Advisory		6	8	Medium	06/09/2024	🔗	
Waste Contract Mobilisation		Advisory				N/A	03/09/2024	🔗	
Safeguarding in Recruitment Processes		Reasonable (Medium)				Low	23/08/2024	🔗	
ICT Security Assurance Framework Review (SAFR)		Advisory				N/A	12/07/2024	🔗	
Home Upgrade Grant - HUG 2		Substantial (Low)				Low	04/07/2024	🔗	
Risk Management Consultancy		Advisory				N/A	03/07/2024	🔗	
Planning Enforcement		Reasonable (Medium)				Low	26/06/2024	🔗	
Rough Sleeping Accommodation Programme (RSAP) – Statement o...		Grant Certification				N/A	25/06/2024	🔗	
Supporting Families Q1 24/25		Grant Certification				N/A	25/06/2024	🔗	
Registration Service Follow Up		Follow Up				N/A	12/06/2024	🔗	



Our SWAP assurance framework and definitions can be found here (www.swapaudit.co.uk/audit-framework-and-definitions). 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 Plan Progress Q3 2024/25 – In Progress Audits



ROLLING AUDIT PLAN as at:

09/01/2025



Filter by Directorate

'IN PROGRESS' audits

All

Audit Progress

Audit Title	Fieldwork Complete				Draft Report Issued	Final Report Issued	Type of Work	Fieldwork Start Date	Notes <i>Hover over text to view whole note</i>
	25%	50%	75%	100%					
Action Tracking	█	█	█				Follow up	01/04/2024	Tracking of agreed audit actions with an upda...
CIFAS Support of Implementation	█	█	█				Proactive fraud work	23/05/2024	
Debtors (Accounts Receivable) Processes (...)	█	█	█	█	16/12/2024		Assurance	14/10/2024	Final report due to be issued 06/01/2024
Hereford Enterprise Zone Follow Up of Acti...	█	█	█	█	17/12/2024		Assurance	14/10/2024	Final report due to be issued 08/01/2024
VfM Assessment Public Realm	█	█	█				Advisory	08/11/2024	
Audit #3772	█	█	█				Investigation	26/11/2024	
Audit #3749	█	█	█	█	17/12/2024		Investigation	03/12/2024	
Mutual Employment Resignation Scheme (...)	█						Assurance	05/12/2024	
Waste Contract - Lessons Learnt (Follow U...							Assurance	17/12/2024	
Dedicated Schools Grant (DSG) - High Nee...	█						Assurance	20/12/2024	
Housing Benefit and Council Tax Reduction							Assurance	09/01/2025	



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Internal Audit Progress Report Q3 2024/25 – Waiting to go Live



ROLLING AUDIT PLAN as at:

09/01/2025



Filter by Directorate

All

'WAITING TO GO LIVE' audits

Audit Title	Type of Work	Notes (i) <i>Hover over text to view whole note</i>
Direct Payments Self Assessment	Advisory	
Polygamous/Dual Employment (Follow Up of Internal Council ...	Assurance	
Power BI Review - HR Metrics	Advisory	Advisory work to support development of Power BI Dashboards for HR Metrics
Public Rights of Way (PROW)	Assurance	
Supporting Families Introduction of New Processes	Advisory	
Supporting Families Q4 24/25	Grant Certification	As required by DfE Supporting Families Programme Guidance 2022-25 review to ensure that the paym...



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Internal Audit Progress Report Q3 2024/25



ROLLING AUDIT PLAN as at:

09/01/2025



Filter by Directorate

'FUTURE PROPOSED' audits

All

Audit Title	Type of Work	Risk Priority	Notes
Council Tax	Assurance	Higher priority	
Fraud Baseline Assessment Follow Up	Proactive fraud work	Higher priority	
Health and Wellbeing Strategy - Achievement of Priorities	Assurance	Higher priority	
Performance Indicators - Data Quality	Assurance	Higher priority	
Care Quality Commission Inspection Readiness	Assurance	Medium priority	Directorate Risk
Council assurances relating to Schools	Assurance	Medium priority	
Project Management Office (PMO) Processes	Assurance	Medium priority	
Risk Management	Assurance	Medium priority	Agreed with Director of Public Health to defer audit due to the Director having rec...
SLA Hoople - ICT Contract Arrangements	Advisory	Medium priority	
Active Travel Plans - Public Transport	Assurance	Lower priority	Links to previous corporate risks now deescalated CR63, 97 and 70
Adult Social Care Charging and Debt Collection (Adult Soci...	Assurance	Lower priority	Link to previous corporate risk now deescalated CR72
Adult Social Care Reviews (Timeliness and Statutory Duty o...	Assurance	Lower priority	Link to Corporate Risk CR81
Childcare Expansion Capital Grant Funding No 31/6960	Grant Certification	Lower priority	The Chief Executive and Chief Internal Auditor of each of the recipient authorities a...
Data Maturity Assessment	Assurance	Lower priority	
Economy and Environment Themed Self Assessment Review	Assurance	Lower priority	Agreed to lower priority of audit due to internal processes taking place within the ...
Main Accounting	Assurance	Lower priority	
Public Health Commissioned Services	Assurance	Lower priority	
Public Health Funding - Re Badged/ Re Invested Monies	Assurance	Lower priority	
Recruitment and Retention (Community and Wellbeing)	Assurance	Lower priority	
Schools Audits	Assurance	Lower priority	



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Internal Audit Plan Progress Q3 2024/25

A risk assessment for 2024/25 has been undertaken which maps internal audit work to the Council's Corporate risks and SWAPs Top 10 Organisation Risks. This will ensure that internal audit coverage is focused into key areas.

A continuous risk assessment will be undertaken throughout 2024/25 which will inform the internal audit work programme for 2024/25.

Full coverage of internal audits can be seen in the Rolling Plan Dashboard within AuditBoard.



Internal Audit Work Programme and Coverage

We have assessed internal audit coverage for 2024/25 based on the corporate risks taken from Herefordshire Council's Corporate Risk Register presented to committee in March 2024 and SWAPs top 10 risks. It is recognised the Council are currently in the process of revising their Risk Management Strategy and are developing an updated risk register. The risk coverage will be updated once the Corporate Risk Register is complete.

The live dashboard has the functionality to filter between complete and in progress audits and future proposed audits to show the coverage to the Council's Corporate Risks. The table below shows coverage for audits that are complete, in progress and future proposed.

Strategic Risk	Coverage	Average Opinion
R64 - Inability to recruitment and retain social care staff and other key roles within the service	Some	
R74 - School Assets	None	
R75 - SEND Inspection - Risk of adverse inspection	Some	Non Opinion Audits
R77 - Increase in out of county educational placements	Some	Non Opinion Audits
R80 - Supply chain capacity	None	
R81 - Reviews - capacity, timeliness and statutory duty of care	Some	
R82 - Contract Fleet Lease Expiry	None	
R83 - BBLP Payment Mechanism Value for Money	Some	Non Opinion Audits
R84 - Contract Management Software	None	
R85 - Waste Management services contract	Adequate	Non Opinion Audits
R86 - Insufficient range and quantity of placements for children in our care and care experienced young people	Some	Non Opinion Audits
R87 - Lack of pace in development of Performance	None	
R88 - Lack of pace in development of Mosaic	None	
R89 - Business Support	Some	
R90 - EYFS Sufficiency	None	
R91 - Secondary School Places	None	
R92 - Special School Demand	Some	Non Opinion Audits

Internal Audit Plan Progress Q3 2024/25

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A continuous risk assessment will be undertaken throughout 2024/25 which will inform the internal audit work programme for 2024/25.

Full coverage of internal audits can be seen in the Rolling Plan Dashboard within AuditBoard.



Internal Audit Work Programme and Coverage

Coverage against the Council's Corporate Risks for Complete and In Progress Audits only.

Strategic Risk	Coverage	Average Opinion
R64 - Inability to recruitment and retain social care staff and other key roles within the service	None	
R74 - School Assets	None	
R75 - SEND Inspection - Risk of adverse inspection	Some	Non Opinion Audits
R77 - Increase in out of county educational placements	Some	Non Opinion Audits
R80 - Supply chain capacity	None	
R81 - Reviews - capacity, timeliness and statutory duty of care	None	
R82 - Contract Fleet Lease Expiry	None	
R83 - BBLP Payment Mechanism Value for Money	Some	Non Opinion Audits
R84 - Contract Management Software	None	
R85 - Waste Management services contract	Adequate	Non Opinion Audits
R86 - Insufficient range and quantity of placements for children in our care and care experienced young people	Some	Non Opinion Audits
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Internal Audit Plan Progress Q3 2024/25

A risk assessment for 2024/25 has been undertaken which maps internal audit work to the Council’s Corporate risks and SWAPs Top 10 Organisation Risks. This will ensure that internal audit coverage is focused into key areas.

A continuous risk assessment will be undertaken throughout 2024/25 which will inform the internal audit work programme for 2024/25.

Full coverage of internal audits can be seen in the Rolling Plan Dashboard within AuditBoard.

Internal Audit Work Programme and Coverage

Coverage against SWAPs Top 10 Risks can also be shown across complete and in progress audits and future proposed as shown below.

Coverage against SWAPs Top 10 Risks for complete, in progress and future proposed audits.

Top 10 Risks	Coverage	Average Opinion
Planning, Housing, Environment and the Local Economy	Good	Reasonable
Governance	Good	Reasonable
Sustaining Care	Good	Reasonable
Finance	Good	Reasonable
Health & Safety	Some	Non Opinion Audits
Education	None	
Contracts, Procurement and Commissioning	Good	Reasonable
Workforce	Good	Reasonable
Technology, Digital and Security	Good	Reasonable
Strategic Asset Management	Some	Limited

Top 10 Risks	Coverage	Average Opinion
Planning, Housing, Environment and the Local Economy	Good	Reasonable
Governance	Good	Reasonable
Sustaining Care	Good	Reasonable
Finance	Good	Reasonable
Health & Safety	Some	Non Opinion Audits
Education	None	
Contracts, Procurement and Commissioning	Good	Reasonable
Workforce	Adequate	Reasonable
Technology, Digital and Security	Adequate	Reasonable
Strategic Asset Management	Some	Limited

Coverage against SWAPs Top 10 Risks for complete and in progress audits only.

Internal Audit Plan Progress Q3 2024/25

Definitions of coverage and average opinion are shown here.

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 oversight as to whether 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

Description of coverage and the assurance are outlined here.

Coverage	Description
Good	5 or more audits
Adequate	3 or 4 audits
Some	1 or 2 audits
In Progress	No completed audits but audits are '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

High organisational risks are brought to the Committee's attention.

Limited Assurance Audits are brought to the Committee's attention.

High Organisational Risks 2024/25 and Limited Assurance Opinions

There have been no high organisational risks identified in this period of reporting.

There have been two limited assurance reports issued in this period of reporting:

- Court of Protection – report not included due to an ongoing police investigation. The report will be shared with the committee in a closed session.
- Use of Spot Purchasing Non- Accommodation Activity – report included below.

Internal Audit Plan Progress Q3 2024/25

Use of Spot Purchasing Non-Accommodation Activity – Final Report – January 2025

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Audit Objective

To provide assurance the Council has a robust control framework in place ensuring spot purchasing of non-placement activity is done consistently and provides value for money across the Children and Young People's directorate.

Executive Summary

	Assurance Opinion	Management Actions	Organisational Risk Assessment	Medium	
	The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.	Priority 1	0	Our audit work includes areas that we consider have a medium organisational risk and potential impact.	
		Priority 2	4		
		Priority 3	2	The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.	
		Total	6		

Key Conclusions

	A pilot commissioning process for therapeutic services has been agreed which will introduce the use of frameworks. This new pilot process will allow the Council to identify current spot purchasing activity and monitor and report requests for therapeutic services moving forward. Based on the success of the pilot processes implementation across all non-accommodation activity will be considered, ensuring all actions identified in this report are addressed.	Audit Scope The audit aimed to identify the extent of spot purchasing of non-accommodation activity across the Children and Young People's directorate. The audit was unable to carry out an analysis (frequency, monetary value and category/type of purchase), of non-accommodation services as services were not able to clearly and consistently identify suppliers/providers used.
	Currently there is a risk: <ul style="list-style-type: none"> that procurement thresholds are breached, and other potential commissioning routes are not being considered as there is currently no monitoring and reporting of non-accommodation spot purchase activity. of inconsistencies in the commissioning of spot purchase non-accommodation activity as there is no formal process for Officers to follow. 	
	Work is required to ensure existing frameworks align to the non-accommodation spot purchase activity. Raising awareness of the framework and ensuring staff understand how to access and utilise it would be beneficial. This will be completed for therapeutic services initially but wider activity will need to be considered in the future.	
	The Head of Service, Starting Well had previously completed a review of the Herefordshire Language Network and raised several recommended actions that should be considered as part of developing the spot purchasing process.	

Additional Information and Next Steps

There is a lack of controls in place to ensure that the commissioning of non-accommodation activity is consistent and provides value for money across the Children and Young People directorate. The principal reason for this being that there is no mechanism for monitoring and reporting. Further to this, we were unable to complete an analysis of non-accommodation spot purchase activity as neither the financial management system nor the social care system is currently able to report on this. Limited assurance was identified as opposed to no assurance as all payments for non-accommodation spot purchasing activity are approved via the financial management system, with some being agreed at panel. However, we have not been able to test this process as we cannot identify non-accommodation spot purchase activity easily.

Once a control framework is implemented and there is a reporting mechanism a further review would be beneficial to determine if the improvements made provide assurance that a consistent process that provides the Council with value for money and quality is in place.

Unrestricted

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found here (www.swapaudit.co.uk/audit-framework-and-definitions).



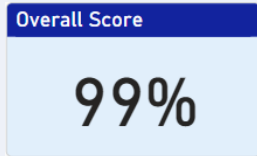
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Internal Audit Plan Progress Q3 2024/25

One of the roles of the Audit & Governance Committee is to oversee the independence, objectivity, performance and professionalism of internal audit.

SWAP promote a range of performance areas and indicators to assess our effectiveness and professionalism.

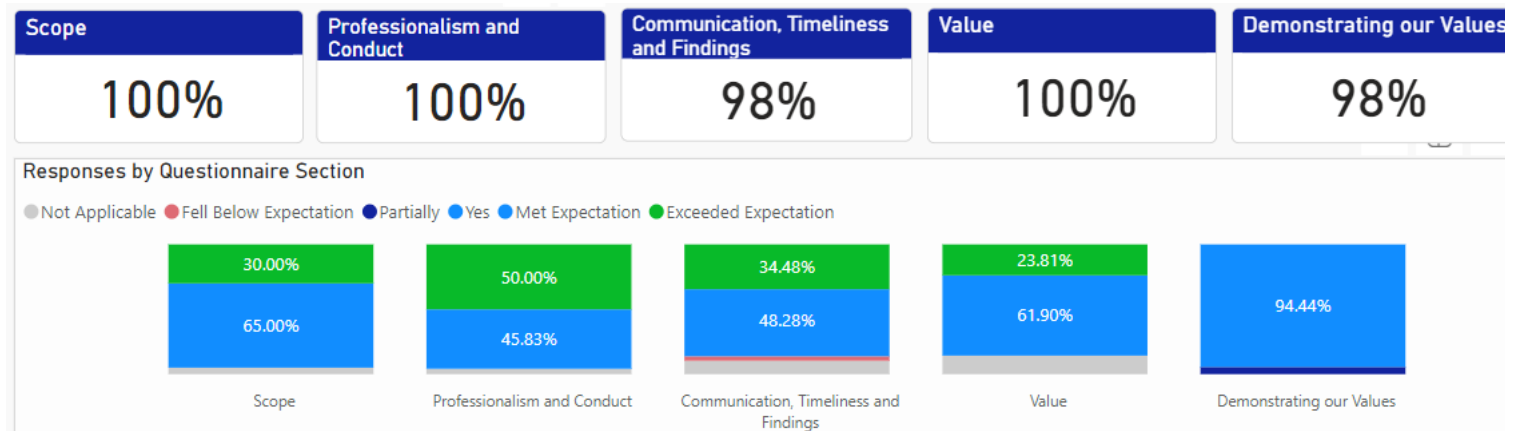
The overall customer satisfaction level for Herefordshire Council is:



Quality Assurance

Following the conclusion of internal audit work, a customer satisfaction questionnaire is issued to the key audit contact to complete. This asks a range of questions; including the value that the audit delivered, the professionalism and conduct of the auditor, and the communication and timeliness of the review.

From the 21 returned questionnaires (a return rate of 64%, from the 33 issued), feedback was strong; especially in relation to our professionalism and conduct. The below visual summarises this feedback across five themes:



* These figures are based on a 12-month rolling plan.

Action Tracking



Action Tracking

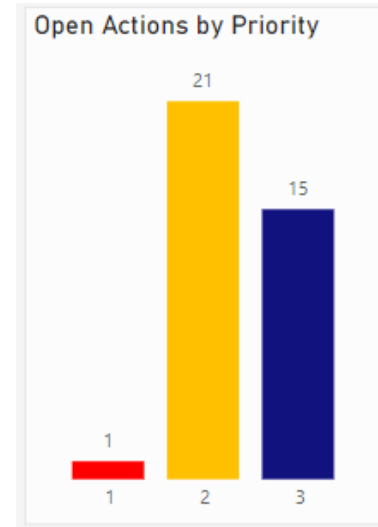
In the September (Q2) progress report there were 60 actions for Herefordshire Council pending remediation.

Since the Q2 progress report action tracking processes in place have closed off 27 actions, and a further 11 actions have been agreed with Council officers.

There are now 44 actions pending remediation. A breakdown of the current actions pending remediation, and their priority is shown here.

Work will continue to gain an update from the responsible officers allocated to the actions and report this progress to committee. This work will continue to concentrate on those that are most overdue.

Those actions that have not been remediated will have updated due dates agreed with officers.



Pending Remediation Actions by due date are shown below:

Not yet due	Due within 30 days	1-30 days overdue	31-60 days overdue	61-90 days overdue	91+ days overdue	Total Actions
13	11	1	(Blank)	(Blank)	12	37

Committee and senior management now have access to the Action Tracker – Management Actions Dashboard to allow a full overview of progress against actions. This dashboard allows the user to drill down further to specific actions and display actions in different formats e.g., per directorate.

Action Tracking



Action Tracking – Revised Timescales

Revised timescales have been agreed for 20 actions. These 20 actions are shown below with a breakdown of priority.

The full detail of these actions is available via the live dashboard but below is a brief summary for the priority 1 and 2 actions:

- 4 priority 2 actions had revised timescales as part of the recent Court of Protection audit.
- 1 priority 2 action has a revised timescales relating to the Public Health Grant Funding.
- 5 priority 2 actions with revised timescales related to the DBID and Hereford Enterprise Zone work completed. These reflect current processes being underway.
- 2 actions, 1 priority 1 and 1 priority 2, with revised timescales relate to Registration Services and the system development that is underway.
- 1 priority 2 action related to the Disabled Facilities Grant process.

