

AUDIT AND GOVERNANCE COMMITTEE

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| DATE | 13 July 2023 |
| REPORT OF | Peter Hanmer - Head of Audit and Assurance |
| SUBJECT | Head of Internal Audit Annual Report and Opinion 2022/23 |
| STATUS | Open |

CONTRIBUTION TO OUR AIMS

An effective control framework, good governance and risk management is fundamental to the effective delivery of the Council's services and its strategic aims. Internal Audit supports this by providing assurance, challenge and advice on their design and operation. Furthermore, the Internal Audit programme is risk based with specific priority given to those systems and processes which support the delivery of the Council's strategic aims.

EXECUTIVE SUMMARY

As set out in the Public Sector Internal Audit Standards (PSIAS) there is a requirement under PSIAS 2450 for the Chief Audit Executive to provide an annual report and opinion to the Audit and Governance Committee, timed to support the Annual Governance Statement. At North East Lincolnshire Council, the Head of Audit and Assurance conducts the functions of the Chief Audit Executive as defined in the standards.

As shown in section 3 of the Annual Report, satisfactory assurance has been provided on the overall arrangements for governance, risk and the internal control framework, with areas requiring further development being identified.

RECOMMENDATIONS

It is recommended that as part of its role in reviewing the effectiveness of the Council's governance arrangements (including the content of the Annual Governance Statement), the Audit and Governance Committee considers and receives this report, including the control issues identified within it.

REASONS FOR DECISION

It is a requirement of the Public Sector Internal Audit Standards (PSIAS) for the Chief Audit Executive to produce an Annual Report incorporating his opinion on the design and operation of the control environment.

1. BACKGROUND AND ISSUES

As set out in the Public Sector Internal Audit standards (PSIAS), there is a requirement under PSIAS 2450, for the Chief Audit Executive to provide an annual report to the Audit and Governance Committee, timed to support the Annual Governance Statement. This must include:

- an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e., the control environment).
- a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and
- a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme

The Head of Internal Audit Annual Report and Opinion is attached. The key points identified in the 2022/23 Head of Internal Annual report and opinion are as follows:

- Section 2 of the Annual Report refers to the work conducted from which the audit opinion is derived, and shows the work conducted compared to the Audit Plan. Although the planned target for chargeable days was close to being achieved, and sufficient work was conducted to provide a reliable opinion on the Council's control environment, not all the planned assignments were completed. As shown on Appendix 1 of the report a small number of assignments remain in progress or, after discussion with the relevant services, deferred to the 2023/24 plan. Most assignments were provided with either "substantial" or "satisfactory assurance". Continuing a trend from previous years, Internal Audit continues to be required to provide independent certification for grants received by the Council.
- As referred to in Section 3 based on the work conducted by Internal Audit (and where applicable external inspection reports, including the LGA Corporate Peer Review), satisfactory assurance could be provided on the Council's governance, risk, and internal control framework. However, it also highlights potential challenges to the control environment due to organisational capacity, and the need to improve the control environment within Children's Services
- As referred to in Section 4 Internal Audit complies with auditing standards in all material respects and has effective arrangements in place for monitoring quality. It continues to work with services to improve the timeliness of audit reporting.

2. RISKS AND OPPORTUNITIES

The Head of Internal Audit's Annual Report and Opinions are a regulatory requirement and there is potential reputational risk if it was not produced or if did not provide sufficient assurance that Internal Audit carried out its responsibilities in line with the standards.

As well as individual audit assignments identifying specific areas of potential risk, it is a requirement to provide an overall opinion on the Council's risk management arrangements as shown in section 3 of the report.

3. OTHER OPTIONS CONSIDERED

Not applicable. The production of this report is a requirement of the Public Sector Internal Audit Standards.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are no specific reputation issues in relation to this report. The main messages

relating to this report have been communicated with the Leadership Team, and the report will be publicised on the Council's intranet.

5. FINANCIAL CONSIDERATIONS

One of the key aspects of internal audit work is to consider the Council's systems of financial control. This is considered not only in specific audits of its key financial systems, but in most other audit assignments.

6. CHILDREN AND YOUNG PEOPLE CONSIDERATIONS

Audit assignments relating to Children's Services and the outcome of external inspections contribute to the overall opinion on the Council's control environment. As shown in Section 3 of the Head of Internal Audit Annual Report strengthening the control environment within Children's Services was identified as a key priority.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Climate change and the environment are included in audit's planning considerations. An audit around the Council's environmental strategies was included in the 2021/22 audit plan.

8. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. However, the report provides assurance over the reliability of the systems supporting the financial information provided within the statement of accounts.

9. LEGAL IMPLICATIONS

There are no specific legal implications associated with this report.

10. HUMAN RESOURCES IMPLICATIONS

There are no direct specific human resources implications associated with this report.

11. WARD IMPLICATIONS

The report covers issues affecting the whole operation of the council and therefore is relevant to all wards.

12. BACKGROUND PAPERS

The Public Sector Internal Audit Standards 2017
Internal Audit Plan 2022/23 (April 2022)
Internal Audit Interim Report (January 2023)

13. CONTACT OFFICER(S)

Peter Hanmer, (Head of Audit and Assurance)
Telephone: 01472 323799

Peter Hanmer
Head of Audit and Assurance

Head of Internal Audit Annual Report and Opinion 2022/23

North East Lincolnshire Council

**Peter Hanmer
Head of Audit and Assurance
July 2023**

1 Introduction

- 1.1 The requirement for Internal Audit is supported by statute in the Accounts and Audit Regulations 2015 and the Local Government Act 1972. The Accounts and Audit Regulations state that a *“relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance”*.
- 1.2 Internal Audit operates in accordance with the Public Sector Internal Audit Standards (PSIAS) which define the way in which the Internal Audit Service should be established and undertake its functions. The PSIAS define internal audit as:
- “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”*
- 1.3 As set out in the standards there is a requirement under PSIAS 2450 that the Chief Audit Executive must provide an annual report which must:
- consider the strategies, objectives and risks of the organisation and the expectations of senior management, the Audit and Governance Committee and other stakeholders.
 - be supported by sufficient, reliable, relevant and useful information.
 - include an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
 - include an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control; and
 - include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
- 1.4 This report provides a summary for each of these areas. At North East Lincolnshire Council, the Head of Audit and Assurance carries out the functions of the Chief Audit Executive as defined in the standards.

2 Audit work from which the opinion is derived

- 2.1 Internal Audit conducted its work in accordance with its 2022/23 Audit Plan, which was formally approved by the Audit Committee on 21 April 2022. The plan included a description on how it was compiled, including consideration of the Council's strategies, objectives and risks. The scope of Internal Audit activity is clearly set out in the Audit Charter which is reviewed annually.
- 2.2 As laid out in the audit plan the work of Internal Audit is split into a number of key areas. It is critical that in forming an opinion on the overall control environment, the Annual Plan is designed to ensure that specific assurance is provided for each of these areas all of which can potentially feed into the annual governance statement:
- strategic and operational risks relating to the delivery of the Council's strategic outcomes and/ or a key part of the Council's Code of Governance.
 - the key financial systems to support the S151 Officer's statement provided as part of the Annual Statement of Accounts in relation to the reliability of the systems supporting the accounts.
 - other key areas which support the Council's control environment (e.g., ICT, procurement).
 - providing assurance on the control environment within maintained schools; and
 - work such as providing advice and support, the mandatory certification of external grants claims, and audit team's contribution to the Council's approach to counter fraud, including specific audits testing anti-fraud controls.
- 2.3 During 2022/23 the audit plan was subject to regular review. As new risks emerged that required audit coverage they were added to the plan, whilst other areas were either taken out because of reduced level of risk due to changing circumstances, or where there had been internal or external reviews either carried out or pending. On 22 February 2023, the Audit Committee received the mid-year interim report. This report provided assurance on the progress to delivering the plan and any changes made to it. Some adjustments to the distribution of audit days were reported e.g.
- a reduction in the planned days relating to strategic risk, operational risks and governance risks due to some planned audits in Adult

Social Care being no longer applicable due to the planned national changes in social care process and funding being deferred.

- a realignment of the audit plan relating to Children’s Services to take account of the ongoing transformational work in response to the OFSTED review and continued external oversight from the Commissioner and Department for Education.
- a reduction in the time that has been required for ICT audits: the audit team contracted with a third-party supplier, given the depth of cyber expertise required, to provide ICT audit support over a 30 month period up to 31 March 2023. There was greater input in 2021/22 meaning less time than budgeted for has been required in 2022/23;
- increase in time required for procurement to take account of audit work carried forward from 2021/22; and
- additional request for advisory work, in particular energy rebates

2.4 The position on 31 May 2023 is shown on the table below. 899 days had been delivered compared to the plan of 920 days, a difference of 21 days. Some additional time will also be charged in June 2023.

Days charged against the audit plan as of 31 May 2023.

| Area | Planned days | Revised days | Actual days |
|--|---------------------|---------------------|--------------------|
| Strategic risks, operational risks, and governance | 400 | 360 | 401 |
| Financial systems | 135 | 135 | 147 |
| ICT | 45 | 35 | 31 |
| Procurement and contract management | 25 | 35 | 43 |
| Grants | 60 | 60 | 46 |
| Schools | 10 | 10 | 10 |
| Follow up | 40 | 40 | 33 |
| Fraud and financial probity | 60 | 60 | 60 |
| Advisory | 50 | 70 | 57 |
| Audit Management | 75 | 75 | 71 |
| Contingency | 20 | 40 | 33 |
| Total | 920 | 920 | 899 |

- 2.5 A summary of the audit work to support the opinion is shown in Appendix 1. This summary also makes reference to audits which have been deferred or work is ongoing. For most audits we provide two opinions as shown below; one relates to the overall control effectiveness, whilst the other relates to the residual risk exposure. We derive our overall opinion on the control framework by considering the outcome of individual audits. Typically, those areas where the assurance on the control environment is “limited”, and the residual risk is at least “medium” will be considered for specific reference in the opinion on the Council’s overall control environment, with particular focus on those areas which are critical to the Council’s financial management and governance arrangements, including the potential impact of any weaknesses identified.

Overall Control Effectiveness

| | |
|---------------------|--|
| Substantial | Strong controls support achievement of the business objectives. |
| Satisfactory | Controls support business objectives, but some improvements should be made. |
| Limited | Controls provide some support for business objectives, but improvements are essential. |
| None | Controls do not support the achievement of business objectives. |

Residual Risk Exposure

| Priority Level | Action Level |
|----------------|--|
| High | Significant possibility for substantial financial, service, reputational or personal safety issue (including the non-achievement of strategic outcomes). Action must be taken to mitigate the risk. |
| Medium | Potential for financial, service, reputational or personal safety issue (including the non-achievement of strategic outcomes). Depending on risk appetite, action should be taken to either mitigate the risk or accept that an event could occur and manage its impact. |
| Low | Risk is being suitably managed based on current knowledge. Should be regularly reviewed and monitored. |

2.6 In forming our overall opinion, we also consider the following:

- As shown in Appendix 1, there were some audits planned where we found that interim and new Directors in Adult Social Services and Childrens Services were focussing on settling into roles and making any required structural and organisational changes. This, together with widespread oversight in Children’s Services (referred to above at 2.3) has resulted in the deferral of a number of audits. Support and advice has nevertheless been provided, and audits considered against revised risks and included in the 2023/24 audit plan where appropriate.
- As listed at Appendix 2, Internal Audit has carried out advisory work for the Council and where appropriate we have considered any issues arising from this work.
- Our work on grant certification has reduced from the previous levels due to COVID-19 grants coming to an end. There are grants across the Council that require mandatory certification; these include highways, housing, Public Health, Supporting Families, environment and support with the cost of living. No significant non-compliance issues were identified. Where funding remained unspent at the end of the grant period, approval was obtained to roll funds forward to the next period or funds were confirmed as returned.
- As part of the wider Audit and Assurance Team (including counter fraud), Internal Audit makes a significant contribution to the delivery of the Council’s approach to anti-fraud and corruption. This was shown in the Annual Fraud Report 2022/23 which was reported to the Audit Committee on 20 April 2023
- The outcome of external inspections carried out in 2022/23 and the subsequent response to them, such as:
 - OFSTED Monitoring Visit Dec 22: which concluded that “Permanence planning for children has not improved since the standard inspection in November 2021. Too many children experience delay in their need for permanence being assessed, planned and achieved” .
 - OFSTED Monitoring Visit Feb 23 “Since the last monitoring visit, the senior leadership team has been strengthened and an enhanced level of sector-led improvement partnership work is in place. Leaders recognise the need to increase political and corporate understanding, scrutiny and continued investment, to ensure that there are the right conditions and infrastructure to drive the whole service”,

- the Joint local area inspection of Special Educational Needs and Disabilities (SEND) (March 2022), which concluded that “the area has made sufficient progress in addressing all three of the significant weaknesses identified at the (previous) inspection.”
- Youth Justice services in North East Lincolnshire were rated as ‘Good’ in an inspection by Her Majesty’s Inspectorate of Probation (HMIP)
- The NHS Data Security and Protection Toolkit assessment – for 2022/23 met the required standard; and
- In February/ March 2023 a corporate peer challenge was undertaken by the Local Government Association Peer Group-. Its report was issued in June 2023.

2.7 An important part of the value of audit, is that agreed actions are implemented. There is an expectation that agreed actions are implemented in a timely manner, and audit supports this process by sending out reminders to managers when the agreed implementation date is due. We also send out exception reports to Assistant Directors. This aspect is also overseen by the Corporate Governance Group. However, there is still some work to do to develop specific software solutions to make it easier for managers to update progress on actions directly onto the system, and more easily report the level of outstanding actions by area.

2.8 Internal Audit also carries specific follow-up assignments. This tends to be carried out in those areas which previously received Limited Assurance or had a relatively high number of priority actions. In 2022/23, as shown in Appendix 7, only 26% of the actions tested had been implemented by the initial due date by management set by Internal Audit. This does not include implementation made within agreed extensions nor where clarity is sought and further work required.

3 Chief Audit Executive Annual Opinion 2022/23

- 3.1 The overall opinion for each of the three areas of the control environment is shown below. This opinion is subject to the limitation of scope and statement of responsibilities laid out in Appendix 3.

Risk Management

- 3.2 The Head of Internal Audit and Assurance also has responsibilities, though his line management of the Strategic Lead (Risk and Governance) for the co-ordination of the Council's risk management framework. The Annual Risk Management Report, to be presented to the Audit Committee on 13 July 2023, concluded that *"arrangements for managing risk within the council are appropriate. There is evidence that risk is taken seriously and there is an understanding of the need to get risk management right. There is also an understanding and consistent implementation of the risk management framework"*
- 3.3 In order to manage the potential conflict of interest around risk management, the Head of Audit and Assurance periodically engages a third party to provide independent assurance on it. As previously reported in 2021/22 Zurich Municipal (ZM) carried out a health check of risk management arrangements. Overall, there were no areas of significant concern, but areas for potential further development were identified. During 2022/23 it has been providing support to the Strategic Lead (Risk and Governance) in working with senior management to review the Council's risk appetite, to align the strategic risk register more clearly to strategic outcomes as defined in the Council Plan, and more explicit links between the strategic risk register and operational risks.
- 3.4 Based on the work referred to above we can provide **satisfactory** assurance on the Council's risk management arrangements.

Control

- 3.5 Overall, we can provide **satisfactory** assurance on the effectiveness of the Council's control framework based on the work we have carried out as shown on Appendix 1 subject to the comments below.
- 3.6 Throughout 2022/23 the operation of effective control within Children and Family Services has continued to be challenging, and the Council has recognised there have been significant weaknesses in the design and/or operation of internal controls in a number of areas including children's

commissioning, fostering and special guardianship, agency staffing and residential homes. This has been highlighted in reports from Ofsted as well as the outcome of some of Internal Audit's work such as Children to Adults Transitions. During the latter part of 2022/23, an Interim Director of Children Services, as well as two Interim Assistant Directors, have been appointed. With support from other areas of the Council, such as People and Culture and Policy, Strategy and Resources, there have been comprehensive reviews of the design and operation of processes in relation to Looked After Children. Although challenges remain, audits in areas such as Agency Staffing, Workforce Development, Residential Homes Financial process follow -up, and Local Authority Designated Officer (LADO) shows that the work being carried out to improve the control environment within Children and Family Services is having positive benefits. Furthermore this work is overseen by a Commissioner appointed by the Department for Education.

3.7 As highlighted in previous Head of Internal Audit Reports, and recognised in the LGA corporate peer challenge, resourcing and capacity remains potentially difficult. In particular the requirement to transform children's services and the ambitious borough wide regeneration programme in a period of continuing financial challenges, creates potential capacity issues across the Council. When capacity is stretched it increases the risk of control failure due to error or inadvertent commission. Actions are being put in place Council wide to manage the risk of resourcing and capacity such as:

- the ongoing implementation of the People Strategy to develop and maintain a skilled workforce, accompanied by enhanced succession planning;
- the continued development of enhanced ICT systems to support efficient and effective processes;
- the comprehensive review of processes in children's services as referred to above; and
- the introduction of the new financial management system designed, in part, to make financial compliance and monitoring simpler.

3.8 In relation to the design and operation of the key financial systems which support the Council's Annual Statements of Accounts, and the reliability of the information produced by them, we can provide **satisfactory** assurance. The basis of our satisfactory opinion is that while the new Council's financial management system went live on the 1st April not all of

its functionally or processes were fully implemented; some were resolved during the financial year or are currently being resolved.

Governance

3.9 Our audit programme is designed, in part, around the Council's Code of Governance which was based on the principles designed by CIPFA/SOLACE, and on a cyclical basis we include audits specifically related to the governance framework such as Complaints, the Council Plan, Decision Records, Procurement, Emergency Planning, Town Centre Major Projects Governance, and a peer review of Counter Fraud arrangements. Based on the work carried out, and other sources of evidence, we can provide **satisfactory** assurance in relation to the Council's Governance arrangements. For example

- the broadly positive feedback on governance and culture by the LGA corporate peer challenge, although it made recommendations in relation to Member development and the decision making framework;
- the comprehensive refresh of the Council Plan in February 2023. This sets out a road map for the implementation and monitoring of the Council's key outcomes;
- further in-year implementation of the Council's environmental strategies;
- the continued development of the People Strategy; and
- ongoing consideration of the Council's culture as shown by the "shipbuilding" culture sessions involving managers across the Council to consider the current culture of the Council, what culture it would like it to have, and the steps to achieving it. This work will continue through 2023/24.

3.10 In 2022/23 we kept a "watching brief" via periodic discussions with key officers in relation to the developing governance arrangements relating to project management, the Council's role as the Accountable Body for the Humber Freeport, and Health and Social Care integration (Following the ending of the North East Lincolnshire Clinical Commissioning Group in June 2022). These will be subject to further development, and review by Internal Audit in 2023/24.

4 Quality Assurance Arrangements

4.1 A quality assurance process is in place to ensure that work is conducted to Public Sector Internal Audit Standards (PSIAS) and that the opinions provided for individual assignments are supported by sufficient evidence. This is split into external and internal sources of assurance. Under the standards the Chief Audit Executive is obliged to report on the outcome of, and any issues arising from, our quality assurance arrangements.

4.2 An essential element of the standards is that every five years audit teams are subject to an external inspection to assess compliance with the Public Sector Internal Audit Standards, and where appropriate, identify area for further development. As reported in the 2017/18 Head of Internal Audit Report, an inspection was conducted in March 2018, and the report was issued in May 2018. Its overall conclusion was that:

“It is our overall conclusion that the internal audit function for North East Lincolnshire Council generally conforms with the Public Sector Internal Audit Standards”

4.3 It is encouraging that ‘generally, conforms’ is the top rating available, and is defined as:

“the internal audit activity has a charter, policies, and processes that are judged to be in conformance with the standards. There may be opportunities for improvement, but these do not represent situations where the internal audit activity has not implemented the Standards, the Code of Ethics or is not achieving their stated objectives”

4.4 Our next 5-yearly inspection is scheduled for 2023. The outcome of the review will be reported to the Audit and Governance Committee when complete.

4.5 Internal sources of evidence for the Audit Team to assess and report on its quality included:

- a self-assessment against the PSIAS and the Local Government Application Note (LGAN) (Appendix 4). As part of the External Inspection this will be subject to validation. Though generally compliant with the standards, it has identified areas where improvement can be made e.g.
 - improvements to the design and reporting of the Quality Assurance Programme
 - refresh the fraud risk assessment in 2023/24.
 - potential for a greater role of audit to provide assurance and support in relation ethical governance and culture.

- consider ways of make the monitoring of the implementation of actions more efficient and effective, particularly the development of management "self-service" and the reporting of compliance by service area.
- Self-assessment against the five principles contained in the CIPFA document "The Role of the Head of Internal Audit" (2019). (Appendix 5) demonstrates that we comply with each of the principles, but there is still scope for audit to have the opportunity to be more regularly involved in the consideration of emerging risks and new projects.
- Self-assessment against the internal audit principles based on a checklist produced by IIA. (Appendix 6). This review demonstrates that the audit team complies with each of the principles, with progress being made in relation to the areas for development identified in the 2021/22 assessment e.g.
 - Development of an action plan to support the team's data analytics plan
 - The introduction of a competency framework
 - Additional guidance to team members to promote effective reporting
- Every assignment is subject to supervision and any common issues identified are discussed at team meetings and where appropriate have contributed to the update of the audit manual.
- At the end of each review the auditor and the supervisor complete a post-audit review form to reflect on how the audit went any quality issues arising from it this feeds into staff quarterly 1 to 1s.
- A post audit review conducted by the Head of Audit and Assurance of a sample of assignments which found that overall, the work was compliant with the team's quality standards and processes, though some improvements to the way compliance with the Quality Assurance processes is documented were identified.
- Feedback from our customers via a post-audit customer satisfaction questionnaire. We received a positive response from those questionnaires returned 100% of respondents indicated that they were satisfied with the way the audits were conducted and felt that the audits added value.
- Monitoring performance against key indicators (Appendix 7) – the key issue identified is the time it takes to complete an audit from draft to final, with over half taking more than 20 working days.

5 Closing Remarks

- 5.1 We would like to take this opportunity to thank Members, Management and Staff for their continued support as we conduct audit work during a period of continued significant organisational change. We will strive to continue to provide an effective and supportive internal audit service as the Council deals with the challenges it faces in the future.

Appendix 1: Summary of Audit work supporting the Audit opinion

See separate attachment

Appendix 2: Summary of advisory work provided by Internal Audit in 2022/23

1. Via membership of CIPFA's Better Governance Forum, inform relevant managers of national developments and emerging issues relating to internal control and governance which may impact upon their duties
2. Providing considerable advice and support, where appropriate, on the design of systems in relation to energy rebates, conducting bank checks via Spotlight, a Cabinet Office provided tool, and checking the final Delta return ahead of submission by S151 Officers
3. Providing support and challenge to the Financial Project Board tasked with implementing the new financial system
4. Providing advice and support to the Audit Committee in relation to the latest guidance from CIPFA regarding the operation of Audit Committees
5. Providing advice and support in relation to the design of the systems for producing KPIs in relation to the Regeneration Partnership
6. Providing induction training to Audit Committee Members on the role of the committee, governance, internal control, and the role of Internal Audit
7. Co-ordinating the production of the Annual Report of the Audit and Governance Committee, including the facilitation of its self-assessment
8. Involvement in council-wide reviews about organisational culture
9. Providing training to management teams on good governance and internal control
10. Where appropriate, providing support on the review of processes operating within Children's Services
11. Where appropriate providing support and advice on arrangements preparing for the Care Quality Commission inspection regime of Local Authority Adults Service which will commence in 2023/24
12. Providing advice and support, where appropriate, on the design of the systems in relation to the "Homes for Ukraine" scheme
13. Co-ordinating the production of the "Partnership Stocktake" for the Audit and Governance Committee

14. Representation on the Business Development Group responsible for evaluating business cases
15. Representation on the Information Security and Assurance Board, including advice and support on the investigation of potential breaches
16. Representation on the Major Projects Group
17. Representation on the Policy and Procedures Stakeholders Group, and where appropriate providing advice and support on the design of new Human Resources policies from a governance and internal control perspective
18. As part of audit's probity and fraud work co-ordinating the council's response to the National Fraud Initiative
19. As part of audit's probity and fraud work supporting investigations into allegations of fraud or financial misconduct

Appendix 3: Limitations of Scope and Responsibilities

Internal Audit has prepared the Annual Report and undertaken a programme of work agreed by the Council's senior management and approved by the Audit and Governance Committee subject to the limitations outlined below:

Opinion

The Opinion is based, primarily on work undertaken as part of the agreed 2022/23 Audit Plan. Each audit assignment undertaken addressed the control objectives agreed with the relevant, responsible managers.

There may be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work or were not brought to our attention. As a consequence, the Audit Committee should be aware that the opinion might have differed if our programme of work, or the scope of individual assignments was extended, or other relevant matters were brought to our attention.

Internal Control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls and unforeseeable circumstances.

Future Periods

Our assessment of the Council's control framework is based on completed audit work up to 30th June 2023. Where the finalisation of audits has been delayed, the outcome of this work will be considered for the 2023/24 audit opinion.

This historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulatory requirements, or other factors; and
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Audit

It is the responsibility of management to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected, additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our work should not be relied upon to disclose all fraud or other irregularities that might exist.

Appendix 4: Conformance with Public Sector Internal Audit Standards and Local Government Application Note

| | Evaluation/Comments |
|---|---|
| Mission of Internal Audit | Generally Conforms |
| Definition of Internal Auditing | Generally Conforms |
| Core Principles | Generally Conforms |
| Code of Ethics | Generally Conforms referred to in the audit charter and communicated to all audit staff. Team members are asked to confirm they have read and understood annually- last request April 2023. Also receive periodic training at team meetings using ethical scenarios |
| Attribute Standards | |
| 1.Purpose, Authority and Responsibility | Generally Conforms -defined in the audit charter which was updated in March 2023 |
| 2.Independence and Objectivity | Generally Conforms- defined in the audit charter. Potential conflicts are appropriately managed |
| 3.Proficiency and Due Professional Care | Generally Conforms - have developed a competency framework during 2022/23 to enhance proficiency and identify areas for further staff development. |
| 4.Quality Assurance and Improvement Programme | Partially Conforms - scope to develop and formalise the approach to Quality Improvement e.g. more regular periodic self-assessment against the standards, more formal reporting mechanisms. |
| Performance Standards | |
| 1.Managing the Internal Audit Activity | Generally Conforms |
| 2. Engagement Planning | Generally Conforms - Scope to develop a refreshed audit strategy alongside the plan, continue to develop the “audit universe” and supporting documentation, and update the fraud risk assessment to inform the plan. Scope to develop specific methodology for assessing the extent to which assurance provided by internal and external providers can be relied upon |
| 3. Performing the audit engagement | Generally Conforms - all assignments are subject to review, and the audit manual is regularly updated to reflect areas where further clarity is required for 2023/24 additional emphasis has been placed on the importance of reviewing risk registers when performing an engagement. |

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| 4. Communicating Results | Generally Conforms- for 2023/24 additional guidance has been provided to the team on effective report writing, root cause analysis and for reporting the quality of risk registers, and this has been incorporated into the report template. |
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| 5. Monitoring Progress | Partially Conforms - a methodology is in place to allow management to be reminded and report back in regard to the implementation of agreed actions. In 2022/23 A new report has been developed to allow Directors and Assistant Directors to review progress on the implementation of actions. However, there is still scope to simplify the process and to draw out comparative data more easily. It is intended that the recent upgrade to the Audit Software will allow managers to update progress on the update of their agreed actions directly onto the system. |
| 6. Communicating the Acceptance of Risks | Generally Conforms |

Appendix 5: Comparison of Audit Approach against the 5 key principles contained in “The Role of the Head of Internal Audit” (2019)

| Principle | How Compliance is demonstrated |
|---|--|
| <p>Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments;</p> | <ul style="list-style-type: none"> • Promotes good governance and conduct e.g., facilitates the production of the code of governance and the Annual Governance Statement, lead officer on the update of the council’s anti-fraud and corruption framework • Promotes the role of internal audit via the “Audit offer” and accompanying “frequently asked questions” • Promotes good governance and internal control through the role on the Assurance Board • The audit plan is based upon the Council’s strategic risk register, the Council’s governance arrangements and the systems of internal control • HOIA reports on the adequacy of such arrangements both individually and in aggregate via the annual Head of Internal Audit Report. • Provides commentary on emerging risks both to the Audit Committee and the Assurance Group. • Whilst ensuring it remains management’s responsibility, facilitates the embedding of effective risk management throughout the Council • Able provide comment on proposed developments via role on groups such as the Major Projects Group, the HR stakeholder, and the Business Development Group- scope to be more greatly involved in providing comment to new developments. • Co-ordinates the ongoing development of “The Managers Guide to the Control Environment.” <p>Area for improvement Greater involvement in commenting on responses to emerging risks and proposed developments</p> |
| <p>Giving an objective and evidence-based opinion on all aspects of governance, risk management and internal control</p> | <ul style="list-style-type: none"> • The Audit Charter, laying out the role and responsibilities of internal audit, is updated and approved annually by the Audit Committee • Process in place for providing independent assurance for those areas where HAA has managerial responsibilities • Audit plan aligned to the Council’s strategic aims • Producing an evidence based annual internal audit opinion on the organisation’s control environment • Risk based approach to developing the audit plan, and for conducting audit assignments |

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| | <ul style="list-style-type: none"> • Seeks assurance on the Council's key partnerships • Where applicable, seeks to rely on assurance provided by external audit and inspectorates |
| Principle | How Compliance is demonstrated |
| The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee | <ul style="list-style-type: none"> • Member of the Monitoring Officer's management team, and Executive Director of Place and Resources Extended Management Team • 1 to 1 meetings with the Monitoring Officer and Executive Director of Place and Resources • Quarterly 1 to1 meetings with the Chief Executive • Regularly attends the Assistant Director Group to promote good governance and effective systems of internal Control • Consults with the Leadership Team on the content of the audit plan • Meets with members of the leadership team • Member of the Council's Assurance Group chaired by the Chief Executive, and the Corporate Governance Group • Reports to the Audit Committee in own name • Supports the Audit Committee in assessing its own effectiveness • As laid out in the Audit Charter unfettered access to documentation and staff |
| The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose. | <ul style="list-style-type: none"> • Sufficient resource and staff mix in place in 2022/23 to deliver a PSIAS compliant Internal Audit Plan and to provide sufficient evidence in relation to the Council's control environment and key risks to support the Head of Internal Audit opinion statement. However, has highlighted that the level of resource available provides little opportunity for contingency and therefore presents a potential risk • Quality assurance and improvement programme in place, including key performance indicators which are reported upon annually • Staff development programme in place. In 2022/23 developed a "competency matrix" to ensure that staff have adequate skills to meet the changing requirements and expectations of audit • Keeps up to date with developments in governance, risk management, control and internal auditing through professional memberships, membership of CIPFA's Better Governance Forum, and networking with other HIAs (including membership of CIPFA's national Audit Special Interest Group and the Local Government Chief Auditors Network). Learns from them and implements improvements where appropriate |
| The HIA in a public service organisation | CIPFA Member since 1993 and ICAS Member since 2017. Chartered Member of the Institute of Internal Audit (CMIIA) and Qualification in Audit Leadership (QIAL). Also, up to date "Continuing Professional |

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| must be professionally qualified and suitably experienced | Development” (CPD), 34 years of internal and external audit experience, 22 years of which at senior level, and has conducted the Head of Internal Audit role at NELC since April 2008. |
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Appendix 6: Comparison of Audit Approach against the Ten principles as laid down in the audit standards)

| Principle | How we comply? |
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| Demonstrates integrity. | The code of ethics, including integrity, is included in the audit charter. Team members are asked annually to confirm that they have read and understood the code of ethics, and at least one session a year is held with team members to discuss ethics. Last update April 2023. |
| Demonstrates competence and due professional care. | <ul style="list-style-type: none"> • The required levels of competence and experience are laid out in each job description, and training needs are considered in regular 1 to 1 meetings. • Competency framework has been developed. • Audit good practice prepared by IIA, and others is discussed at team meetings. • There is a Quality Assurance and Improvement Programme in place to ensure that professional care is maintained. • Sufficient background research as part of engagement planning to have informed discussions with the audit client. • Each assignment is subject to supervision and review. • The performance of each assignment is assessed through supervision sheets. • Auditors engage with and validate fieldwork and findings through ongoing communication with management in the areas under review. <p>Potential area for development</p> <ul style="list-style-type: none"> • Fully develop a team training plan. |
| Is objective and free from undue influence (independent) | <ul style="list-style-type: none"> • The code of ethics, including independence, is included in the audit charter. Team members are asked annually to confirm that they have read and understood the code of ethics, and annually declare any interests which could impact on their independence. |

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| | <ul style="list-style-type: none"> • The HOIA has responsibilities for risk, counter fraud, and insurance as well as audit. to preserve independence audits in these areas are conducted by other audit organisations. • The audit manual provides guidance on reporting to ensure that audit communications are clear, factual, reliable, and relevant. • Functional reporting to the audit committee is defined in the internal audit charter. • The HOIA has direct access to the audit committee as defined in the internal audit charter. • Scope of internal audit work is defined in the internal audit charter. • The HOIA can meet with the audit committee without management present. |
| <p>Aligns with the strategies, objectives, and risks of the organisation.</p> | <ul style="list-style-type: none"> • A strategic council wide approach, as opposed to a service based one, is used to prioritise work and compile the audit plan. • The Council Plan, the Council's strategic outcomes, the strategic risk register, and the operational risk registers are key components compiling the audit plan. The key components of an effective control environment, and the risks to it, are also considered. • The audit strategy is updated based on changes to the internal or external environment. • The audit plan is updated based on changes in the organisation's strategies and/or objectives. • Internal audit plan links engagements to a strategic objective and or risks • Post audit questionnaires indicates that the internal audit activity is operating in alignment with stakeholders' view of priorities. • In 2021/22 surveyed Assistant Directors to obtain their opinions on how well audit meets their expectations and the extent to which it adds value • The HOIA is invited to and attends strategy discussion meetings e.g., Assurance Board/ Group, extended leadership team, etc. • The HOIA is a senior enough level in the organisation to give them the appropriate standing, access, and authority in the organisation. • High percentage of internal audit plan covering strategic projects and/or initiatives. |

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| | <ul style="list-style-type: none"> • Performance management and project management are regularly subject to audit |
| <p>Is appropriately positioned and adequately resourced.</p> | <ul style="list-style-type: none"> • Directly reports to the Monitoring Officer (SLT member) • Regularly meets with the Executive Director of Place and Resources and regularly attends her management team. • The HOIA has unfettered accesses to the CFO, Chief Executive, and audit committee. Also sits on the Council's Assurance Board. • When compiling the plan, the level of resource available is compared to the resource required to provide a reliable and standards compliant opinion. • A documented and customised internal audit charter is in place. • Functional reporting to the audit committee and senior management is defined in the charter. • Internal audit activity's mandate is broad and aligned to organisational needs. • A sufficient operating budget is available to internal audit. • Periodic discussions occur with the audit committee on Quality Assurance and Improvement Programme, resource availability (capability and capacity), and any limitations. • Access to the Council's People and Culture function, technology, and tools are provided to internal audit enabling it to execute its engagements effectively and efficiently. • The HOIA is of a senior enough position within the organisation and participates in numerous senior management groups e.g., extended leadership team, assurance board etc. • Evidence that the HOIA has challenged management when needed. • The results of audit are given due consideration e.g., audit committee, compilation of the AGS, assurance board meetings, senior management groups. <p>Potential area for development</p> <ul style="list-style-type: none"> • Since the demise of CIPFA benchmarking need to develop periodic benchmarking of resources is compared to comparable size/profile organisations. |

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| <p>Demonstrates quality and continuous improvement</p> | <ul style="list-style-type: none"> • A Quality Assurance and Improvement Programme is in place, and the team had a successful five yearly external inspection of its processes. • All assignments are subject to supervision and review, and the overall arrangements are subject to annual self-assessments. • Quality issues are discussed at each monthly team meeting and any relevant issues arising are included in the improvement plan. • An Audit Manual is in place defining methodology is in place and subject to regular update as issues arise. • Through membership of accounting and auditing bodies keep up to date with developments in audit practice • Mechanisms are in place to solicit feedback from audit clients and key stakeholders via questionnaires. • Operational KPIs are defined and monitored, including KPIs to promote internal audit activity improvements and innovations. • The audit committee is provided with a twice-yearly update on the Audit Team's performance. • Co-sourced internal audit activities (e.g., ICT audit) are required to conform with the IIA's Standards and Code of Ethics |
| <p>Communicates effectively.</p> | <ul style="list-style-type: none"> • The team has a report template which meets the requirements of the audit standards. Reports are subject to regular review and update, and any common issues are included in the quality improvement plan. Team members are provided with guidance on effective reporting, and this updated regularly following on from internal quality reviews and feedback from clients. • Periodic reporting and some engagement reports are customised for key stakeholders (senior management, audit committee. Assurance Board/ Group) as needed. • Reports are factually accurate, highlight risk, address root causes, and encourage action from management responsible for the area or process under review. • Reports are succinct, aligned with key risks, and use graphics or visuals where appropriate. |

- Internal audit activity raises awareness of its role and promotes its value contribution via the FAQs and “Audit Offer”.
- Internal audit has implemented controls to secure the confidentiality of the data it receives, accesses, and issues e.g., section in the audit manual on GPPR compliance, taking part in council wide mandatory training on data protection, and the team regularly reminded of data protection and confidentiality issues.
- Internal audit reports clearly link to the engagement scope and objectives.
- Feedback from audit client and key stakeholders indicate that internal audit reports are fit for purpose and add value.
- No cases of major errors or omissions after final reports are issue have occurred.
- Monitoring is undertaken through the review process and KPIs to ensure that reports are issued within defined timescales.
- No cases of unauthorised or erroneous disclosure of confidential data by internal auditors.

Potential area for development

- Continued need to improve the time taken between the issue of the draft and final reports after fieldwork ends and enforce escalation policy.

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| <p>Provides risk-based assurance.</p> | <ul style="list-style-type: none">• The strategic and operational risk registers are a key source of evidence for determining the content of the audit plan.• Both local and national emerging risks are an important part of the audit planning process. Identified through the review of agenda papers, papers and guidance prepared by CIPFA, CIIA and others, and planning discussions with senior managers.• The Internal Audit plan is regularly reviewed throughout the year, and where appropriate amended, to take account of emerging risks.• Individual engagement objectives target the effectiveness of controls over the most important risks. When considering the work programme for individual assignments team members consider the inherent impact of each of the five key areas of an effective control environment on the area, the local and national risk related to it, and the completeness of the risk register.• The audit opinion in each audit assignment includes an assessment of the residual risk based on the effectiveness of the controls tested.• Audit and risk management are both part of the Audit and Assurance team. Although kept operationally separate it fosters close links between the two functions• For 2023/24 additional guidance has been provided to team members on how to assess the quality of risk management arrangements within services |
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| <p>Is insightful, proactive, and future-focused.</p> | <ul style="list-style-type: none">• Auditors are encouraged to ensure that their reports are insightful, relevant and include agreed actions which add value. The reporting template continues to be enhanced in an updated guidance provided to Team Members on effective reporting.• Both the overall audit plan and the design of individual assignments take accounts of future developments and risks to the organisation and are subject to consultation with relevant officers.• The team keeps a library of future developments to ensure that future issues (both nationally and locally) are picked up through membership of various bodies (Cipfa, BGF, CIIA) and considered for audit programmes where appropriate.• Team meetings ensure that service, development and cultural issues, and organisational changes are identified and discussed, and training is delivered where required.• Increasing use of data analytics to identify risks and provide assurance, including the development of a Data Analytics Strategy and supporting action plan.• Makes the organisation aware of emerging governance and control issues through various forums assurance board/ group, Assistant Directors/ Head of Service meetings, management meetings etc.• Systematic issues and/or trends in risk or controls are identified in the annual opinion.• The delivery of audit assignments is timed for when they have the greatest potential for added value.• Internal audit reports include an assessment on the potential impact of identified gaps in control.• Where appropriate provide briefing papers to support areas under development and assesses preparedness.• Post-assignment questionnaires ask whether the audit has added value- consistently positive results.• From 2023/24 reporting methodology enhanced to include guidance on “Root Cause Analysis” |
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| <p>Promotes organisational improvement.</p> | <p>The audit team promotes organisational improvement in several ways including:</p> <ul style="list-style-type: none"> • Aligning the audit programme to the strategic objectives of the council. • Shares emerging good practice with management. • Ensuring assignments are based on key risks, and reports have meaningful actions which add value. • Provide advisory work to support the development of an effective control environment. • Conduct follow up work to provide assurance that actions are being implemented and improvements made. • Is consulted about business initiatives and process and system transformations during initial assessments and pre-implementations (though scope for it to be more universal) • Have formalised the role of audit in relation to projects. • Adopted three lines of assurance model and works closely with other sources of assurance e.g., through membership of the assurance board group, corporate governance group, role of in management teams etc. <p>Potential area for development</p> <ul style="list-style-type: none"> • Continue to identify opportunities and promote the role of audit in supporting new initiatives at the initial assessment and pre-implementation stage. • Further develop the approach to follow up to enhance the reporting of outstanding actions beyond the due agreed date to Assistant Directors. |
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Appendix 7: Key Performance Indicators 2022/23

| | Annual target | Outturn | Variance | Comments |
|--|---------------|---------|----------|--|
| What did we do? | | | | |
| Actual outturn forecast v budgeted outturn (shared service combined) | £595K | £590K | -£5K | Small surplus delivered |
| Audit days delivered as at 31/5/23 | 920 | 899 | -21 | |
| % of audits issued in final within 20 working days of the issue of the draft | 90% | 49% | -31% | Significantly below target, and significant drop in performance compared to 21/22 which was 67%. |

| How well did we do it? | | | | |
|---|-----|------|------|---|
| Did we carry out the audit well? (customer satisfaction questionnaires) | 90% | 100% | +10% | Based on post-audit questionnaires received |
| Chargeable days per employee excluding HOIA compared to CIPFA average | 177 | 177 | 0% | On target |
| % of audits issued in draft by the agreed date | 90% | 73% | -17% | No Change compared to the previous year's outturn in relation to performance against target |

| Did we add value? | | | | |
|---|-----|------|------|------------------------------------|
| Did we add value? (customer satisfaction questionnaires) | 90% | 100% | +10% | Based on post-audit questionnaires |
| % agreed actions implemented by the initial agreed date | 70% | 26% | -44% | |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|---|-------------------------|---------------------|----------------------|---|
| Delivery of strategic outcomes and good governance | | | | |
| Agency Staffing | Place and Resources | Satisfactory | Low | |
| ASC - preparedness for changes to the Levy Act | Adults | | | Cancelled at the request of the Interim DASS due to changes in the national timeline for the changes to the Health and Social Care Levy Act |
| ASC direct payments | Adults | Satisfactory | Low | |
| Asset Management - operational buildings | Place and Resources | | | Postponed to 2023/24 to take account of the Council's asset rationalisation programme |
| Assurance frameworks - preparedness for CQC inspections | Adults | | | Ongoing support whilst the inspection is prepared for will not be until at least late 2023 |
| Attendance and Attainment (carried forward from 21/22) | Children's Services | Satisfactory | Medium | |
| Bereavement Services projects | Environment and Economy | Satisfactory | Medium | |
| Better Care fund | Adults | | | Cancelled at the request of interim DASS as not seen as a priority at the current time - replaced by Discharge of the Mental Health Act |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|--|-------------------------|---------------------|----------------------|---|
| Car Parking | Environment and Economy | Satisfactory | Low | |
| Case Management | Adults | | | Cancelled with agreement of DASS not as a priority given reduced availability of audit resources and staffing changes within service. Replaced with Statutory function of DASS |
| Casuals | Environment and Economy | | | Work on going- to be reported in Q2 2023/24 |
| Children's Homes | Children's Services | | | Full audit delayed as the incoming Assistant Director was aware of issues with the operation of the Children's Homes and instigated a review, and then the introduction of new processes, which is ongoing. Work limited to a follow up of the previous auditor financial processes (see follow up section) |
| Commercial Estates (carried forward from 2021/22) | Environment and Economy | Satisfactory | Medium | |
| Community Engagement and working with the voluntary sector | Place and Resources | | | WIP to be reported in 2023/24 |
| Complaints | Place and Resources | Satisfactory | Low | |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|---|-------------------------|--------------|---------------|---|
| Concessionary fares & Public Transport Policy | Environment and Economy | Substantial | Medium | |
| Council Plan | Envoronment and Economy | | | WIP to reported in 2023/24 |
| Decision records | Environment and Economy | Satisfactory | Low | |
| Discharge of the Mental Health Act | Adults | | | WIP to be reported in 2023/24 |
| Early Help and Prevention | Children's Services | | | The Interim Director of Children's Services is aware of significant control weaknesses in this areas, and a review of processes is currently being carried out. Requested the audit be delayed to allow new processes to be embedded. |
| Education Welfare Service | Children's Services | Satisfactory | Medium | We have made this judgement because there are potential service and reputational risks in relation to the current systems in place. |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|---|---------------------------|---------------------|----------------------|--|
| Emergency Planning (carried forward from 2021/22) | Assistant Chief Executive | Satisfactory | Low | Full system audit and follow up audit were completed during 2022/23. The follow up audit confirmed significant progress had been made with agreed actions, resulting in Satisfactory assurance. |
| Empty Homes | Environment and Economy | Satisfactory | Medium | |
| Environmental Strategy - delivery | Environment and Economy | | | Deferred to 2023/24 A brief review confirmed progress with the Carbon Roadmap and Natural Assets Plan is reported quarterly through the Environment Board, where workstream leads provide updates. Work is prioritised based on what will make the largest impact using available funds, including grant funding where available. The target for the Council to become carbon neutral has been b/f from 2040 to 2030. |
| Fostering and Special Guardianship | Children's Services | | | A detailed review of the Council's approach to fostering is currently being carried out and therefore it was agreed to carry out the audit in 2023/24 when the new arrangements were in place. Instead in 2022/23 an audit on the operation of Fostering and Adoption panels was carried out at the suggestion of the Assistant Director |
| Fostering and Adoption Panels | Children's Services | | | WIP to be reported in 2023/24 |
| Freeport | Place and Resources | | | For most of 2022/23 the Business Case was in the process of being approved, and therefore the Freeport Company has not been formally set up. Consequently the role of the Accountable Body was still evolving. An audit of the emerging governance arrangements is scheduled for 2023/24. |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|---|------------------------------------|---------------------|----------------------|-------------------------------|
| Grimsby Town Centre Major Developments - Governance Arrangements (carried forward from 2021/22) | Environment and Economy | Substantial | Low | |
| Grimsby Town Centre major developments | Environment, Economy and Resources | Substantial | Medium | Draft report |
| Growing the Economy - delivery | Environment, Economy and Resources | Substantial | Low | Draft report |
| Health and Equality | Public Health | | | WIP to be reported in 2023/24 |
| Home Choice Lincs | Environment, Economy and Resources | Satisfactory | Medium | |
| Housing Enforcement (Draft) | Environment, Economy and Resources | Satisfactory | Low | |
| Housing Related Support | Environment, Economy and Resources | | | WIP to be reported in 2023/24 |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|---|------------------------------------|--------------------|----------------------|--|
| Integrated Care - Place partnership | Adults | | | |
| Integrated care record | Adults | | | It was agreed with the Interim DASS to postpone this audit in 2022/23 due to the national changes which will impact upon the integrated care record being delayed. |
| Integrated Resort Service | Environment, Economy and Resources | Substantial | Medium | |
| Leisure & Libraries | Environment, Economy and Resources | | | WIP to be reported in Q2 2023/24 |
| Liberty protection safeguards | Adults | | | Deferred to 2023/24 as the code is still out to consultation and there will be a 6 months implementation period once in place |
| Licensing | Environment, Economy and Resources | | | Deferred to 2023/24 at the request of the service |
| Local Transport Plan (Carried forward from 2021/22) | Environment, Economy and Resources | Substantial | Low | |
| Out of Area Placements (Education)- Caried forward from 2021/22 | Children's Services | Limited | Medium | |
| Planning for school places | Children's Services | | | Deferred to 2023/24 due to client absence |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|---|------------------------------------|---------------------|---------------|--|
| Project management/ Project Management Office (PMO) | Environment, Economy and Resources | | | <p>Deferred to 2023/24</p> <p>The PMO has oversight of capital projects, including those contributing to achievement of the Grimsby Town Centre and Cleethorpes masterplans. An effective control framework is in place, which was confirmed as part of the Grimsby Town Centre audit. The 2023/24 PMO audit will focus on the PMO's management of Cleethorpes capital projects.</p> <p>Agile methodology is applied to transformational projects; project management is supported with a Toolkit for Change and ICT software to manage progress. This audit has been deferred to provide time for the new initiatives to be embedded.</p> |
| Public Health grant | Public Health | | | WIP to be reported in 2023/24 |
| Public Health Joint Arrangements | Public Health | | | Audit was not carried out as a decision was taken not to continue with the current arrangement. |
| Public Law outline | Children's Services | | | WIP to be reported in 23/24 |
| Recruitment, retention and workforce development (children's) | Place and Resources | Satisfactory | Medium | |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|--|------------------------------------|---------------------|----------------------|---|
| Role of Principal Social Worker (Children's) | Children's Services | Satisfactory | Medium | |
| Role of LADO | Children's Services | Substantial | Low | |
| Safeguarding Children's Partnerships (Draft) | Children's Services | Satisfactory | Medium | |
| Sexual Health Services | Public Health | | | WIP to be reported in 2023/24 |
| Skills - governance arrangements | Environment and Economy | | | Deferred to 2023/24 to allow time for the new action plan to embed |
| Statutory Role of DASS | Adults | | | Deferred whilst new Director takes up the role |
| Sufficiency of care | Adults | | | Deferred- Director asked for advisory work on preparing for the new CQC inspection regime |
| Tree safety | Environment, Economy and Resources | | | WIP to be reported in 2023/24 |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|--|------------------------------------|---------------------|----------------------|---|
| Value for Money | Environment, Economy and Resources | | | Initial intention was for audit was to do some validation check, at the request of accountancy, on the Council's self-assessment checklist on the criteria for the external audit VFM, but subsequently determined that the work was not a priority |
| Waste – CRC sites | Environment, Economy and Resources | Satisfactory | Low | |
| Financial systems | Place and Resources | | | |
| Creditors,/ Debtors/ Financial Management System | | Satisfactory | Medium | |
| Income Management | | Satisfactory | Medium | draft |
| Key Interfaces | | Substantial | Low | |
| Local Taxation and benefits | | Satisfactory | Medium | |
| LT&B initial testing 23/24 | | Substantial | Medium | |
| Payroll 21/22 | | Substantial | Low | |
| Payroll 22/23 | | Substantial | Low | draft |
| Treasury Management | | Substantial | Low | |
| ICT | Place and Resources | | | |
| Cloud Computing | | Limited | Medium | Policies require development, cloud security principles not consistently followed. Currently being followed up. To be reported in Q2 2023/24 |
| Cyber Security | | Satisfactory | Medium | |
| Disaster Recovery | | Satisfactory | Medium | |
| ICT Controls HR- Payroll Application | | Satisfactory | Low | |
| ICT Project Management Follow-up | | Satisfactory | Medium | |
| Remote Access | | Satisfactory | Low | |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|--|---|---------------------|---------------|--|
| Procurement and Contract Management | Place and Resources | | | |
| Work carried out | | | | <p>A review of overall arrangements is in progress and is to be reported in 2023/24</p> <p>In addition, audits of four specific procurement exercises were completed during the year and reported to relevant services. The findings from these audits will also be incorporated into the Central Procurement audit and include:</p> <ul style="list-style-type: none"> - declaration of interest omitted - retrospective authorisation - published tender evaluation criteria not fully followed |
| Probity and counter fraud | | | | |
| NFI | | | | 2022/2023 is data collection year for NFI with matches available from late January 2023. Outcomes from these matches will be reported in 2023/2024. |
| Car Hire | Environment and Economy Children's | Substantial | Low | |
| Income Collection - Allotments | Environment and Economy | Satisfactory | Low | |

| Audit Assignment | Director | Assurance | Residual Risk | Comments |
|--|--|---------------------|----------------------|--|
| Overtime | Place and Resources | Substantial | Low | |
| Supplier detail changes - mandate fraud | Place and Resources | | | WIP |
| Follow up | | | | |
| Out of Area - LAC | Children's Services | | | A follow up was originally intended, but agreed to delay it as acknowledged by the service that Insufficient progress in improving process had been made due to staffing changes and it was carrying out a comprehensive review of its approach to commissioning. There will be an audit of revised arrangements in 23/24. |
| Out of Area - SEND | Children's Services | | | Insufficient progress made due to staffing changes, the service are reviewing the approach and there will be an audit of revised arrangements in 23/24 |
| Children's Homes Financial Processes (Draft) | Children's Services | Satisfactory | Medium | Progress being made on implementing agreed actions from the previous audit |
| Independent Review Team | Children's Services | Satisfactory | Medium | |
| Transitions - Childrens to Adults - Follow Up- carried forward from 2021/22) | Adults and Children's Services | Limited | Medium | Insufficient progress made on previous actions. Will be revisited in the 23/24 plan |
| Risk in Cabinet Reports | Place and Resources | Satisfactory | Low | |
| Schools | Director of Children's Services | | | |
| Stanford Junior and Infant School | | Satisfactory | Low | |
| Queen Mary Infant and Nursery | | Satisfactory | Low | |