Agenda Item No:

CITY OF WOLVERHAMPTON COUNCIL	**Audit and Risk Committee** 28 November 2022

Report title	Internal Audit Update – Quarter 2
Accountable director	Claire Nye, Finance
Accountable employee	Peter Farrow Head of Audit Tel 01902 554460 Email peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable

Recommendations for noting:

The Audit and Risk Committee is asked to note:

1. The contents of the latest internal audit update as at the end of quarter two.

1.0   Purpose

1.1   The purpose of this report is to update the Committee on the progress made against the 2022-2023 internal audit plan and to provide information on recent work that has been completed.

2.0   Background

2.1   The internal audit update report as at 30 September 2022 (quarter two) contains details of the matters arising from audit work undertaken so far this year. The information included in the report will feed into, and inform, the overall opinion in our annual internal audit report issued at the year end. It also updates the Committee on various other activities associated with the internal audit service.

3.0   Progress, options, discussion, etc.

3.1   Quarterly internal audit update reports will continue to be presented to the Committee throughout the year.

4.0   Financial implications

4.1   There are no financial implications arising from the recommendation in this report. [GE/17112022/Y]

5.0   Legal implications

5.1   There are no legal implications arising from the recommendation in this report. (DP/18112022/B)

6.0   Equalities implications

6.1   Where appropriate, any relevant equality issues will be considered as part of individual reviews, and a review of the corporate approach to equalities forms part of the Audit Universe and will be subject to a separate review within a three-year cycle.

7.0   All other implications

7.1   There are no other implications arising from the recommendations in this report.

8.0   Schedule of background papers

8.1   There is no schedule of background papers.

Appendix 1 - Internal Audit Update Report 2022-2023

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CITY OF
WOLVERHAMPTON
COUNCIL

1   Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2022 2023 internal audit plan.

The Audit and Risk Committee has a responsibility to review the effectiveness of the system of internal controls and also to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control, and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into, and inform, our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

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

2   *Summary of audit reviews completed*

The following audit reviews were completed by the end of the first quarter of the current year.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
2021/22 Audits completed in quarter 1							
Account Payable - Key Financial System Review	High	-	-	1	1	1	Substantial
Payroll - Key Financial Systems Review	High	-	-	1	1	1	Substantial
Payroll – KFS (HR specific findings)	High	-	2	-	2	2	Substantial
2022/23 Audits Completed							
Art Gallery – Kickstart Grant Certification	Medium	-	-	-	-	-	Not Applicable
Fixed Assets - Key Financial System Review	High	-	-	-	-	-	Substantial
2021/22 Senior Officer Emoluments	High	-	-	2	2	2	Not Applicable
Reported this quarter for the first time:							
Community Occupational Therapy Service	Medium	-	2	10	12	12	Satisfactory
WMPF 2021/2022 Contribution Statements	High	-	-	-	-	-	Not Applicable
Transport Related Grant Certifications	Medium	-	-	-	-	-	Not Applicable
Supporting Families 2022/2023 Grant Certifications	Medium	-	-	-	-	-	Not Applicable
Education Music Service	Medium	-	1	3	4	4	Satisfactory
Public Health Payment Uploads	Medium	-	1	2	3	3	Satisfactory

Key: AAN   Assessment of assurance need.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
School audits							
Phoenix Nursery School	Medium	-	1	-	1	1	Substantial
Colton Hills Secondary	Medium	-	7	3	10	10	Satisfactory
Castlecroft Primary School	Medium	-	4	6	10	10	Satisfactory
Christ Church CE Junior School	Medium	-	-	7	7	7	Substantial

3   On-going assurance where reports are not issued

It is a requirement of the Internal Audit Charter that Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations. Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement. Therefore, should any reviews be conducted on the below, then they will be led by another member of the audit team where appropriate.

Project/Programme	Audit Service's Role
Pay Strategy	A member of the team sits on the Council's Pay Strategy Board. The purpose of the board is to ensure that all requests in respect pay and grading is approved in accordance with the Council's Collective Agreement for NJC employees.
Project Assurance Group	A member of the team is involved in this group. The purpose of the group is to ensure that all of the Council's projects and programmes, recorded through the Verto system, are reviewed and scrutinised.
Business Support Programme	A member of the team sits on the Board in the capacity of providing advice and support. The programme's main objective is the centralisation of administration within the Council.
City Learning Quarter Programme	Audit Services have been invited to provide an assurance role for the programme. This is a major capital investment project which has a reputational risk to the Council.
Agresso Board	A member of the team sits on this Board to oversee the on-going development of the Council's enterprise resource planning (ERP) solution.
Children's Transformation Board	A member of the team attends the Board and provides support and assurance on project management arrangements and specific audit issues. This also includes advice and support on the implementation of the new Eclipse management information system.
Transform Adult Social Care Programme	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Strategic Transport Asset Group	A member of the team is involved in this group. The purpose of the group is to ensure that business cases submitted by business areas for vehicles and equipment replacement are reviewed and assessed prior to

Project/Programme	Audit Service's Role
	approval, as well as addressing future Council Fleet requirements and climate targets for a cleaner environment and reduction in carbon emissions, and future use of electric / hybrid vehicles.
Depot Relocation	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Civic Halls Operational Board	A member of the team is a representative on this group. The purpose of the board is to oversee the operational delivery of the Civic Halls full refurbishment.
Infrastructure for Growth Board	The purpose of this group is to oversee the strategy of regeneration projects across the city to ensure there is a co-ordinated joined up approach. A member of the team is present on this board to provide support and assurance around governance.
Adult Eclipse Project Board	A member of the team will attend the Board to provide support and assurance on project management arrangements for the new Eclipse management information system and any specific audit issues.
Business Improvement Programme Boards	The purpose of these boards is to drive through service improvements in selected areas of the Council. Audit's role on these boards is provide assurance around governance and risk, as well as addressing any particular audit issues.
Regularity Services Debt Recovery Project	A member of the team is engaged to provide advice and consultancy as the Project develops new arrangements for the recovery of outstanding debts.
Fleet Replacement Programme	A member of the team is engaged within the Transport Asset Group that oversees delivery of the Fleet Replacement Programme including electrification of the Fleet, providing support and assurance on programme governance and management arrangements and specific audit issues.
Wolves At Work 18-24 Programme Board	The purpose of this board is to oversee and provide direction for the development and delivery of various Council initiatives, programmes and projects (in liaison with external partners) with the collective aim to improve employment opportunities in this age range, A member of the team is present on this board to provide support and assurance.
School Compliance Board	The Schools Compliance Board is responsible for providing assurance to the Director of Children's and Adult Service that all maintained schools in the city are meeting statutory requirements, and that the council is correctly discharging its responsibilities. Audit's role is to overview and challenge quality assurance aspects of the Board generally and to report issues to the Board arising from on-going audit assurance work which will be scheduled throughout the year.

4   *Counter Fraud Activities*

The Audit Service's team investigate all allegations of suspected fraudulent activity, during the year. Details of these will be presented to the Audit and Risk Committee in a separate report, along with details of initiatives put in place in order to both raise awareness of, and tackle fraud across the Council.

5   *Audit reviews underway*

There were a number of reviews underway as at 30 September 2022 and these will be reported upon in future update reports.

6   *Summary of issues from Q2 reviews*

There were no limited assurance reports issued during this quarter. However, the following review was undertaken, which may be of interest to members of the committee:

Community Occupational Therapy Service

A review of the governance, management and internal control arrangements in operation for the Community Occupational Therapy Service was undertaken to ensure that the service was operating efficiently and effectively. The review identified that the service was achieving its objectives but we did highlight a lack of clarity between the NHS and Council regarding confirmation that the appropriate DBS checks had been undertaken. In addition not all the mandatory training had been completed. There were also a number of areas where we made a range of green recommendations in order to assist and further enhance existing controls and operational efficiency.

7   *Follow-up of previous recommendations*

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit and Risk Committee.

During this quarter a specific follow-up review of recommendations arising from the Lawnswood Campus Review, which was reported to the Audit and Risk Committee as a limited assurance report, has been completed. This review highlighted that, although the school has been working towards actioning the recommendations made in the audit report, not all recommendations had been fully implemented by the agreed target date and work is still needed to ensure that all the improvements are achieved. Therefore, a further follow up review will be undertaken in April 2023.