

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Audit and Risk Committee 27 November 2023</b>
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**Report title** Internal Audit Update

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**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.

## **1.0 Purpose**

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2023-2024 internal audit plan and to provide information on recent work that has been completed.

## **2.0 Background**

- 2.1 The internal audit update report 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. [CN/13112023/A]

## **5.0 Legal implications**

- 5.1 There are no legal implications arising from the recommendation in this report. [TC/11112023/A]

## **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 2023-2024

[NOT PROTECTIVELY MARKED]



[NOT PROTECTIVELY MARKED]

## 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 2023-2024 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 second quarter of the current year.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
<i>2022/23 Audits completed in quarter 1</i>							
House of Multiple Occupations - Licensing	High	-	3	1	4	4	Satisfactory
Amazon Corporate Account	Medium	-	5	3	8	8	Satisfactory
Election Photo ID	Medium	-	-	4	4	4	Substantial
Wolves @ Work Programme	Medium	-	-	2	2	2	Substantial
Family Hubs Grant Certification	Medium	-	-	-	-	-	Not Applicable
Senior Officer Emoluments	Medium	-	-	-	-	-	Not Applicable
WMPF Contribution Statements	Medium	-	-	-	-	-	Substantial
<i>Reported this quarter for the first time:</i>							
Alternative & Out of City Provision	Medium	3	6	2	11	11	Limited
Asylum and Migration Review	Medium	-	1	3	4	4	Satisfactory
Information Governance - Records Management (Microsoft Teams Sites)	Medium	3	1	-	4	4	Limited
Management of Equal Pay Risks	High	-	3	6	9	9	Satisfactory
Art Gallery Catering Arrangements	Medium	-	-	-	-	-	Substantial
Health & Safety – Building Inspections	Medium	-	4	3	7	7	Satisfactory
Fixed Assets (2022-2023)	High	-	-	-	-	-	Substantial
Digital & IT – Return of Leaver’s Equipment	Medium	1	2	3	6	6	Limited
Blue Network – Programme Governance	High	-	1	5	6	6	Satisfactory

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Future High Street Fund – Programme Governance	High	-	6	5	11	11	Satisfactory
City Learning Quarter – Programme Governance	High	-	-	7	7	7	Satisfactory

Key: AAN Assessment of assurance need.

### School Establishment Visits

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Bushbury Hill Primary School	Medium	-	-	7	7	7	Satisfactory
Eastfield Primary School	Medium	-	1	1	2	2	Substantial
St. Luke's Primary School	Medium	-	-	4	4	4	Substantial
Reported this quarter for the first time:							
Lanesfield Primary School	Medium	-	-	2	2	2	Substantial
Stow Heath Primary School	Medium	-	9	12	21	21	Limited
Loxdale Primary School	Medium	-	-	2	2	2	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.
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 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.

Project/Programme	Audit Service's Role
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.
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.
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 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.
Term Time Only Payments Working Group	A member of the team is engaged to provide advice and consultancy in terms of the calculation of over / under payments, as well as advising on the governance of the project.
Financial Well-Being Strategy Board	A member of the team is engaged to provide advice and consultancy in terms of the payment of support packages.
Fleet Management System Working Group	There is a member of the team on the working group to provide advice and support on the governance of the group and identify any procurement concerns around the acquiring of new fleet items.



#### *4 Counter Fraud Activities*

The Audit Service's team investigate all allegations of suspected fraudulent activity, during the year. Details of these will, where appropriate, 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 are also a number of other audit reviews currently underway and these will be reported upon in future update reports.

#### *6 Summary of issues from our latest reviews*

Of the 15 audits reported during this quarter there were four limited assurance reports issued which may be of interest to members of the committee:

### **Alternative & Out of City Provision**

This review was requested by the previous Executive Director for Families and the Director of Education due to concerns they had regarding the systems and process in respect of this area at that time.

This audit related to providing alternative education provision for pupils either subject to a permanent or fixed exclusion, and those pupils disengaging from education. This is a requirement under the Education Act 1996.

A limited assurance rating was given for this review because there has been a lack of clarity on which Alternative Provision providers should be used which has led to some cases where there was non-compliance with Contract Procedure Rules and the Public Contracts Regulations 2015. Record keeping for each child has been inconsistent and there was a lack of evidence that reviews are being carried out.

It should be noted that following receipt of this report the Inclusion and Attendance Service Manager has already acted upon the recommendations and is continuing to review processes and make improvements as required. An action plan has also been drawn up to address the report's recommendations which is to be approved and reviewed by the Education Leadership Team.

### **Information Governance – Record Management (Microsoft Teams Sites)**

This review was requested by the Deputy Director for People and Change and the Head of Information Governance due to concerns they had regarding information governance implications of data being held on Council Microsoft Teams sites.

It is accepted that the use of Microsoft Teams was a solution to allow homeworking and communication during the COVID-19 pandemic. The audit review identified issues in respect of the governance arrangements for establishment of new Microsoft Teams Sites. Also, the appropriate use of Teams, including document storage and retention policies, at the time of this review were not in place. Whilst it is acknowledged that employees are required to complete mandatory information governance courses and the protection of data protection training, there is nothing specific around the use of Teams.

Following receipt of the report an action plan has jointly been developed by the Head of Information Governance and the Head of Digital & IT to implement the recommendations in the report.

## Digital & IT – Return of Leaver’s Equipment

This audit was requested by the Director for Strategy following the review of IT Asset Management which undertaken as part of the 2022-2023 internal audit plan.

The audit aimed to provide assurance that there are effective systems and procedures in place to identify leavers who have Council IT assets and systems access. The review also aimed to provide assurance that there are appropriate arrangements in place to ensure assets are recovered and returned to stock, and system access is removed.

However, the review identified that no assurance could be given that assets were being returned or that Digital & IT team were notified of leavers in respect of employees and agency staff or consultants. Whilst the Digital & IT team have a process to manage the return of IT equipment, they are aware of, there are no policies which clearly articulate the action to be taken if equipment is not returned. This policy could include arranging a corporate courier service to collect the equipment or invoice the leaver or agency for the cost of the equipment.

The recommendations from this report have been discussed and agreed with the Head of Digital & IT and assurances have been given that an action plan will be put in place to address the recommendations in the report. Audit Services will continue to monitor the implementation of recommendations via our follow up programme.

### Stow Heath Primary School

The local authority is responsible for all maintained schools and therefore this report has been presented to inform the Audit & Risk Committee of the review’s findings.

The school were given a limited assurance rating due to the number of recommendations relating to the governance arrangements at the school, which included the accuracy of the minutes for the governing body and the various sub-committees. In addition, there were issues relating to controls over expenditure and a lack of audit trails for governing body approvals, where appropriate.

It should be noted that the Schools Business Manager is relatively new to their post and has recently taken responsibility for the financial management arrangements at the school when the contract with the external providers of this service ended in March 2023.

We are confident that the agreed recommendations will have been implemented when we carry out the follow up review in April 2024.

### 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.

We carried out a follow-up to the report issued on 20 January 2023, which looked at SEND and Post 16 Provision in Schools, to seek assurance that all post 16 pupils with an Education Health Care Plan (EHCP) are given the appropriate support and advice to prepare them for independence. The original audit report was given a limited assurance rating.

We are pleased to report that the majority of recommendations made in the original audit report have been implemented with one recommendation still in progress. This recommendation related to incomplete and unsigned individual placement agreements (IPAs)

based on a sample tested.

Over the past two years changes to the SENSTART (Special Educational Needs Statutory Assessment and Review) Team has resulted in improvements to their processes and the quality and timeliness of Educational Health Care Plans (EHCPs). The team were one of 15 teams from councils and children's trusts across the region to be recognised at the West Midlands ADCS (Association for Directors of Children's Services) Network's West Midlands Team Excellence Awards 2023. This was a significant achievement.

#### 8 *Changes to the Audit Plan during the year*

Currently there are no changes to the 2023 – 2024 internal audit plan that was approved by the Audit and Risk Committee on 6 March 2023.

#### 9 *Payment Transparency*

The latest position on the Council's payment transparency activity is as follows:

- The Council publishes its own spend data which is available on the Council's internet site under Transparency and Accountability (payments to suppliers) and is updated monthly.
- In addition, to the spend to date, the site also includes spend for each financial year.
- Since last reported to the Audit and Risk Committee, there have been no requests for information from the public (as an 'armchair auditor').

We will continue to report back to the Audit and Risk Committee on the details of any 'armchair auditor' requests the Council receives.