



Audit Panel

Report title: 2020/21 Internal Audit Progress Update

Date: 11 February 2021

Key decision: No.

Class: Part 1

Ward(s) affected: All

Contributors: Director of Corporate Resources

Outline and recommendations

This report provides a progress update on delivery of the internal audit plan for 2020/21 as well as planning for 2021/22 audit work.

In addition, managers' progress with making control improvements are presented in relation to:

- Implementation of agreed recommendations from completed internal audits; and
- Improving control of the service areas that were identified by internal audit work during 2019/20 as having 'Limited' assurance or where an audit opinion could not be provided.

Members are asked to note the progress of internal audit work presented in this report.

Summary

Background

- 1.1. The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide an annual opinion on the Council's arrangements for governance, risk management and internal control, based upon audit work performed during the year. The audit plan for 2020/21 was approved by Audit Panel on 30 September 2020, and formed the basis for internal audit work since then.
- 1.2. The Internal Audit Annual Assurance report for 2019/20 presented managers' progress with the implementation of internal audit recommendations and identified a number of service areas where the overall assurance was assessed as 'Limited' or where an opinion could not be provided. The Assurance report was discussed by members of the Audit Panel on 30 September 2020 and an update on improvements within service areas was provided on 4 November 2020.

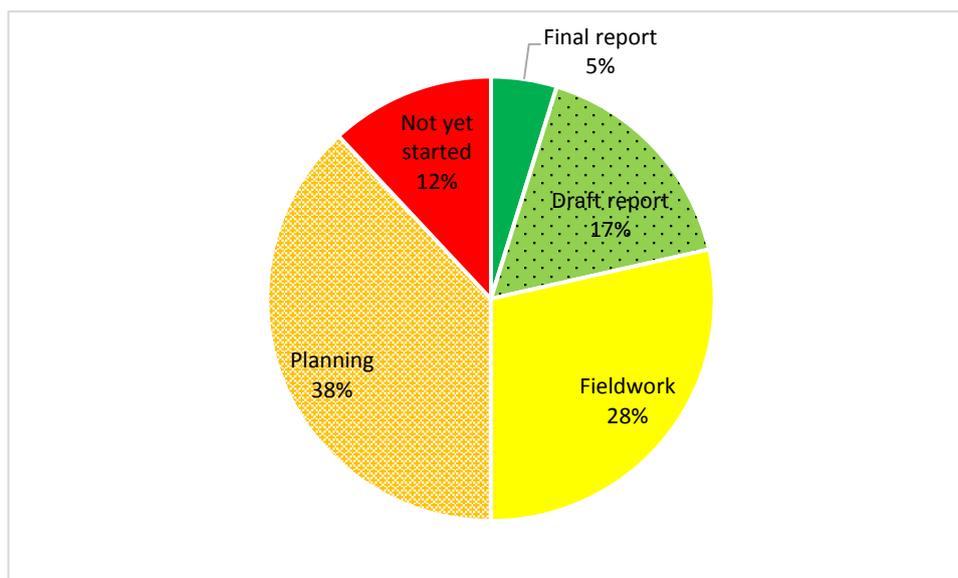
Introduction

- 1.3. Internal audit work is undertaken to evaluate governance, risk management and control processes using a systematic and disciplined approach. The plan of internal audit work for 2020/21 was agreed by the Audit Panel on 30 September 2020 for delivery from September until March 2021. This report provides an update on progress with delivery of the agreed plan in the period to 31 January 2021.
- 1.4. Whilst it is management's responsibility to develop and maintain a sound system of internal control, and to prevent and detect irregularities, the overall aim of internal audit work is to identify areas requiring improvement and recommend solutions that will enable the Council to better achieve its objectives. An objective overall opinion is assigned to each audited area, based on the number and risk profile of the findings identified, classified in terms of one of four categories of assurance. Definitions of risk ratings and assurance opinions are provided in Annex 1. With the full implementation of all recommended actions, mitigation of the potential risks identified by the audit can be expected. Therefore, the audit process contributes to the continuous improvement of the Council's governance, risk management and internal control arrangements.
- 1.5. The work completed by Internal Audit during 2019/20 was summarised in an Annual Assurance Report, which was presented to Audit Panel on 30 September 2020. Members raised a number of concerns about the details reported. In particular:
 - 1.5.1 By the date of the annual report, managers had fully implemented 56% of corporate audit recommendations that were due to be implemented by 31 March 2020, including 54% of those rated with High-risk category.
 - 1.5.2 A summary of audits undertaken on key financial processes within the Council highlighted services where audit assurances were Limited or where no opinion could be given. Progress relating to the following audits was presented to the November 2020 Audit Panel:
 - Accounts Receivable and Debt Recovery (Limited assurance)
 - Client Contributions for Care Provision (Limited assurance)
 - Payments to Childcare Providers and Foster Carers for Looked After Children (Unable to provide an opinion)
- 1.6 It was also reported that Internal Audit was unable to provide an opinion for an audit of Banking. This subject area is currently being re-audited and it is anticipated that the outcome will be reported in the Internal Audit Progress Update to the March 2021 Audit Panel.
- 1.7 This report presents an update on managers' progress with implementation of audit recommendations as well as further progress relating to the service areas covered by the audits listed above.

Internal Audit progress with delivery of the 2020/21 audit plan

- 1.8 The following chart summarises progress against the 2020/21 internal audit plan as at 31 January 2021. This shows that 88% of planned audits have commenced, with 21% having reached draft/final report stage.

Chart 1: Delivery status of the Internal Audit Plan for 2020/21



1.9 Further progress details are provided in Annex 2, which shows the delivery status for all planned audits. Internal Audit aims to deliver 90% of planned audits (adjusted for in-year changes) to draft report stage by 31 March. Due to the Covid pandemic, which is adding to the work pressures and childcare commitments of key contacts as well as the audit team, there is a risk that this may not be achieved. However, we are hopeful that there should be no more than one month's delay.

1.10 Since Members approved the audit plan in September 2020, the following changes and substitutions have been made to the plan:

Table 1: Changes to the 2020/21 audit plan

Dir	Audit	Change	Reason
HRPR	COVID-19: Death Management and Registration Services	Cancelled	Additional COVID pressures on service
COM	MASH - Adults	Deferred	MASH team not yet in place
CEX	Transition Plans	Deferred	Deferred for consideration in 20/21
CEX	Consultation Processes	Deferred	Deferred for consideration in 20/21
COM	Arranging Care Team	Deferred	Deferred as a separate review of adult social care is being undertaken
COM	Leisure Management	Deferred	Deferred until contractual arrangements are stabilised.
HRPR	Passenger Transport - Finance Management	Additional	Requested by management
COM	Domiciliary Care - Block Contract Payments	Additional	Requested by management
HRPR	Highways Contract Payments	Additional	Requested by management
HRPR	Refugee Resettlement Programme - Contract Management	Additional	Audit of contract management split
CEX	Covid – Community testing grant usage	Additional	Declaration of grant usage return to DHSC required Head of Audit sign-off
COR	IT audit – Smart Tech roll-out project	N/a	Allocation of IT audit days
COR	IT audit – LiquidLogic / Controcc project	Additional	Allocation of IT audit days
COR	IT audit – Remote working	Additional	Allocation of IT audit days
COR	IT audit - Oracle Payroll / HR Post Implementation Review	Additional	Allocation of IT audit days

1.11 Two audits that have been completed in the period, the outcomes for which are presented in the following table:

Table 2 – 2020/21 audits completed within the period

Dir	Audit	Assurance	Recommendations			
			High	Medium	Low	Total
COR	Tendering and Procurement of Contracts	Satisfactory	-	5	2	7
HRP	Refugee Resettlement Programme - Contract Management	Satisfactory	2	1	2	5

Managers' progress with implementation of audit recommendations

- 1.12 To provide assurance that the Council's control framework is being improved, Internal Audit tracks managers' progress with the implementation of audit recommendations.
- 1.13 Since September 2020, Internal Audit has tracked implementation of 256 corporate and 38 school actions that have reached their agreed target dates. As at 31 January 2021, 74% of the corporate actions have been self-assessed as implemented or no longer applicable, with a further 12% in progress. This is a significant improvement on the status reported in September 2020, when 56% of actions were reported as completed. In addition, 63% of High-rated actions assigned to schools have been assessed as completed. Status is summarised in the following charts, which show corporate and schools' progress (chart 2), followed by directorate analysis for corporate actions (chart 3) and analysis of all high-rated actions (chart 4).

Chart 2: Overall progress with implementing agreed IA actions

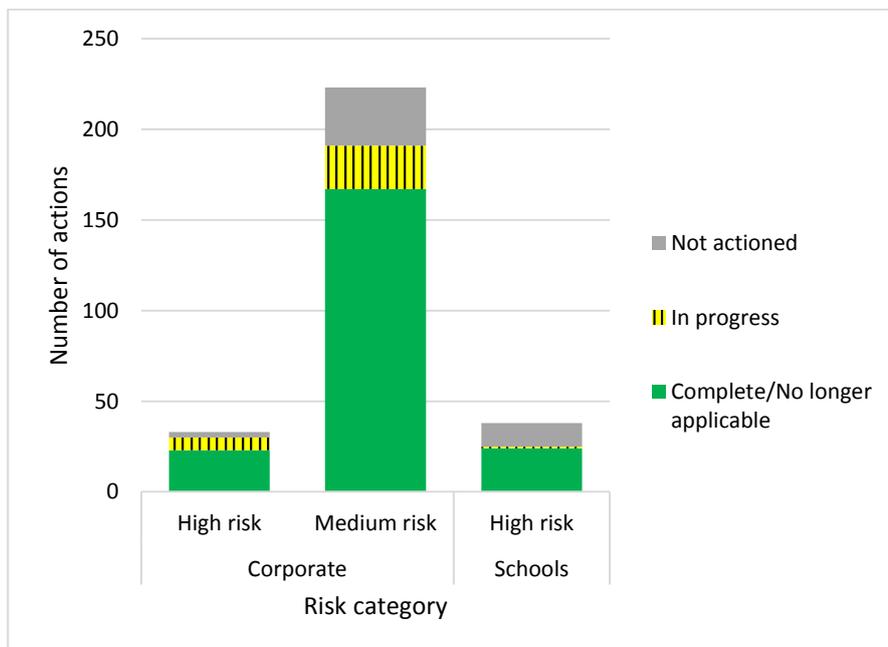


Chart 3: Directorates' progress with implementing agreed IA actions

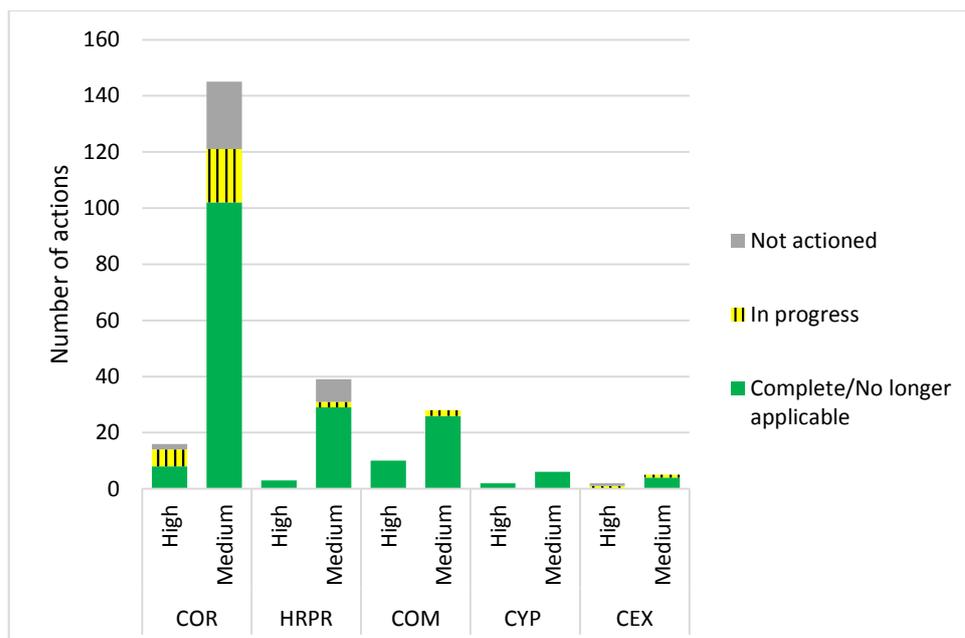
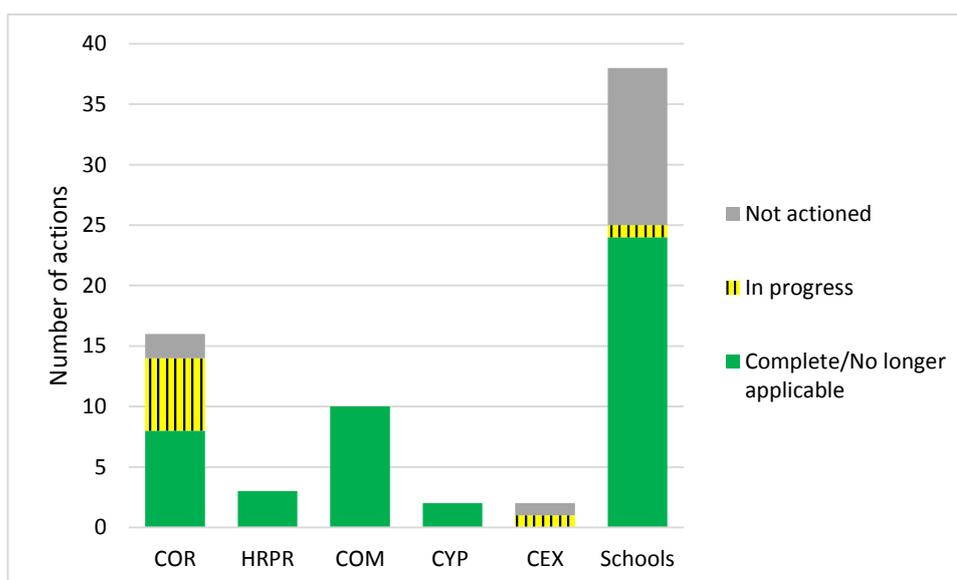


Chart 4: Progress with High risk actions



1.14 16 of the High risk actions are reported as 'not actioned', 13 of which relate to four schools that did not provide a response to the request for a progress update. These schools were:

- Ashmead Primary School (3 actions)
- Deptford Park Primary School (1 action)
- Forster Park Primary School (4 actions)
- Marvels Lane Primary School (5 actions)

1.15 Details of the corporate High risk actions that are assessed as not actioned or in progress are as follows:

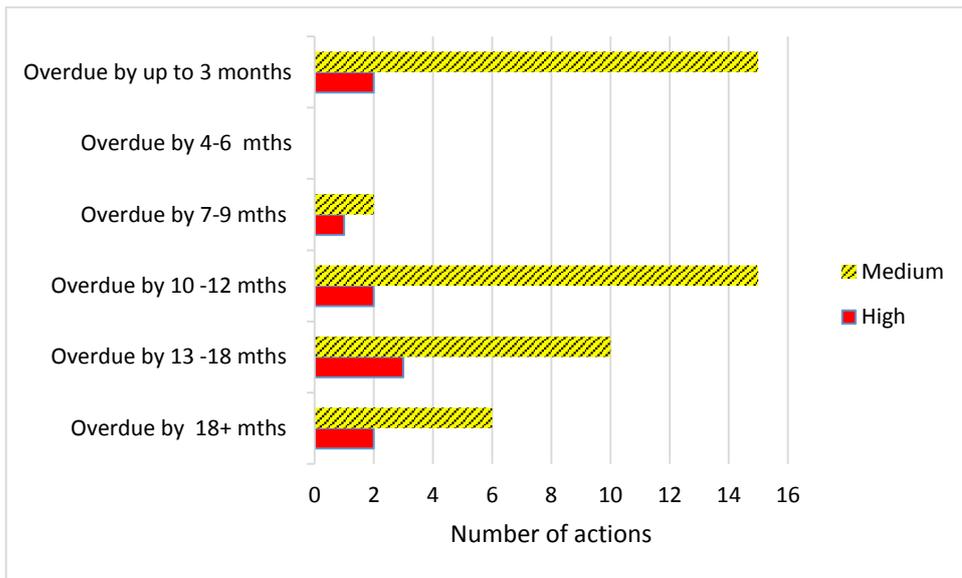
Table 3: High-risk actions assessed as 'not actioned' or 'in progress'

Dir	Audit Title	Management Action	Original / Revised Due Date	Status / action owner update
COR	Asset Management 19-20	02.1 The contract for the provision of asset valuations will be re-procured. If required, assistance will be sought from the Procurement Team.	31/03/2020	Not actioned Acting Group Finance Manager, Core Accounting
COR	Banking 18-19	04.1 A daily income reconciliation which shows a breakdown of the exception items will be undertaken.	31/01/2020	Not actioned Acting Group Finance Manager, Core Accounting
CEX	Apprenticeship Levy Spend including Professional Qualifications 18-19	01.1b A documented strategy for the Apprenticeship Levy, including schools and the Council will be developed. This will include input from key stakeholders from across the Council and will take into consideration workforce requirements. The appropriate approval will be obtained.	30/04/2020	Not actioned Schools' HR Business Manager
COR	Payroll 19-20	07.1 The Payroll Team will ensure that the correct pension contribution is deducted from teachers' salaries. The Payroll Team will run regular checks to identify and rectify potential errors.	30/11/2020	In progress - Payroll Manager (20/01/2021): Payroll officers check the percentage rate against the employee salary by using the tiers table provided by teacher's pension. The payroll manager checks the percentage rates each month when running the payment report for teacher's pensions contributions deducted each month
COR	Payroll 19-20	08.1 Discrepancies identified as a result of the monthly Payroll reconciliation to the General Ledger will be evidenced as investigated by the Payroll Team. The outcome of the investigation will then be communicated to the reconciler.	30/11/2020	In progress - Payroll Manager (20/01/2021): All discrepancies are reconciled by payroll and the necessary adjustments made to the employee pay details, all adjustments are communicated to the reconciler
COR	Oracle Cloud - Migration 17-18	Management should establish a formalised data migration strategy across the entire project to provide guidance on complex processes such as data mapping, cleansing, testing, issue management/escalation and staff roles and responsibilities for such areas	31/07/2018 31/01/2020	In progress - Director of Financial Services IA comment: Follow up completed. Confirmed not implemented. Reopened and due date changed to 31/01/20 to allow for full implementation
COR	Oracle Cloud - Migration 17-18	Oracle Cloud should enforce that only staff of similar grades or upwards can undertake the work of a fellow officer whilst on vacation. In addition, all delegated vacation roles should be set to have an end date or an automatic default date of 30 day	31/08/2018 31/12/2018	In progress - Director of Financial Services A comment: Follow up completed. Confirmed in progress.
COR	Oracle Cloud - Migration 17-18	The complexity and detail of audit trails should be decided and implemented as soon as possible	31/10/2018 31/01/2020	In progress - Director of Financial Services IA comment: Follow up completed. Confirmed not completed.
COR	Synergy Application	Management should establish if there is a reconciliation between Synergy and Oracle, are done. They should also establish if they are done monthly and are accurate. Where it is	31/08/2018 31/12/2018	In progress - Finance Manager (16/11/2018): Not aware of Synergy system usage and therefore need for reconciliations

Dir	Audit Title	Management Action	Original / Revised Due Date	Status / action owner update
		found that reconciliations are not done, management should ensure that they are conducted monthly, in a timely manner, and any discrepancies investigated		
CEX	Apprenticeship Levy Spend including Professional Qualifications	03.2 A communications plan will be developed to help make schools aware of the scheme.	30/11/2018 30/05/2020	In progress - Schools HR Business Partner (28/01/2021): This is still 'in action'. Pandemic issues have given other priorities, however, schools have taken the opportunity to consider apprenticeships and uptake continues.

1.16 As at 31 January, 58 open actions had passed their target dates but had not been fully implemented (including 10 categorised as high risk). The age profile and risk categories of these actions is summarised in the following chart:

Chart 5: Age profile of outstanding open actions



1.17 The chart shows that there are 23 actions, which are more than 12 months overdue, five of which are rated as high risk. Details of these actions can be seen in Table 3.

1.18 The process for tracking of open management actions has been strengthened by monthly reporting of progress to Executive Directors, so that management teams can review progress. In addition, to assist managers in keeping up with their actions, monthly reminders are sent to action owners who have outstanding and upcoming actions. Progress is also reinforced by attendance at Directorate and Executive Management Team meetings on a quarterly basis. Executive Directors have been reminded that accountable managers may be asked to attend the Audit Panel meeting to provide verbal progress updates and answer Members' questions.

Managers' progress with improving services since Limited assurance audits were completed

- 1.19 Managers responsible for actions arising from three audits that were assessed with Limited assurance, or where no assurance could be provided during 2019/20, have provided assessments regarding their progress with implementing improvements. The Executive Summary from the report for each of these audits is provided in Annexes 3 - 5 Managers' self-assessments for the High and Medium category actions are summarised below:

Table 5: Accounts Receivable and Debt Recovery 2019/20 – Status of Management Action

Rec No.	Recommendation Heading	Category	Status	Original due date	Revised due date	Owner
1	Raising Invoices - Raising and Processing Credit Notes*	Medium	Implemented	31/12/2020		
2	Raising Invoices - Raising and Processing Invoice Requests*	Medium	In Progress	31/12/2020	28/02/2021	Financial Transaction Manager
4	Income and Debt Recovery - Recovery Action*	High	In Progress	31/12/2020	01/02/2021	Enforcement Manager
5	Income and Debt Recovery - Housing Benefit Debt Recovery	Medium	In Progress	31/12/2020	01/02/2021	Debt Collection Manager
6	Income and Debt Recovery - Instalment Arrangements Sundry Debt*	Medium	Implemented	31/12/2020		
8	Write-Offs - Write Off Documentation*	Medium	Implemented	31/12/2020		
9	Reconciliation's - Accounts Receivable and Refunds*	Medium	In Progress	31/12/2020	31/01/2021	Group Finance Manager – Core
10	Performance Monitoring - Debtor Indicators*	Medium	Implemented	31/12/2020		

*indicates recurring recommendation.

- 1.20 This table shows that progress has been made towards implementing all eight of the agreed actions, with four (50%) fully implemented.

Table 6: Client contributions for care provision 2019/20 – Status of Management Action

Rec No.	Recommendation Heading	Category	Status	Original Due Date	Revised Due Date	Owner
1	Carrying Out a Financial Assessment - Value of the Upper Capital Limit For Non-Residential Service Users	High	In Progress	30/09/2020	31/03/2021	Director of Operations, Adult Social Care
2	Carrying Out a Financial Assessment - Prior to the Start of Care and Charging Start Date*	Medium	In Progress	31/12/2020	31/03/2021	Adult Social Care Service Manager
4	Issuing of Invoices - Adjusting Invoice Amounts	High	In Progress	31/07/2020	31/03/2021	Adult Social Care Service Manager
5	Issuing of Invoices – Changes in Financial Circumstances*	High	Implemented			
6	Issuing of Invoices – Adjusting Invoices for Service Breaks	Medium	In Progress	31/12/2020	31/03/2021	Adult Social Care Service Manager
7	Issuing of Invoices – Reconciliation Between the Source Data and the General Ledger	Medium	Not actioned	31/03/2021		Group Finance Manager – Community Services
8	Deferred Payment Agreements (DPAs) - Disposable Income Allowance and Invoicing on the Correct Account	High	Implemented			

Rec No.	Recommendation Heading	Category	Status	Original Due Date	Revised Due Date	Owner
9	DPAs - Six-Monthly Written Statements and Interest*	High	In progress	31/08/2020	31/03/2021	Debt Collection Team Leader
10	DPAs - Calculation of Equity Limit and Monitoring of DPA Balances*	Medium	In progress	31/08/2020	31/03/2021	Debt Collection Team Leader
11	DPAs - Timely set-up of DPA	Medium	Implemented	30/09/2020		
12	DPAs - Administration Charges*	Medium	No longer applicable	31/08/2020		

*indicates recurring recommendation.

- 1.21 This table shows that, for ten actions where the agreed target dates have passed, progress has been made towards implementing six of the actions, with four (40%) assessed as fully implemented or no longer applicable.

Table 7: Payments to Childcare Providers and Foster Carers for Looked After Children 2019/20 – Status of Management Action

Rec No.	Recommendation Heading	Category	Status	Original Due Date	Revised Due Date	Owner
1	Assessments and placements – policies and procedures	High	In Progress	31/01/2021	28/02/2021	Director of Children's Social Care
2	Assessments and placements – Placement information record*	High	Implemented	31/01/2021		
3	Assessments and placements – Individual placement contract and placement plan	High	Implemented	31/01/2021		

*indicates recurring recommendation.

- 1.22 This table shows that progress has been made towards implementing all three of the recommendations, with two (66%) fully implemented.
- 1.23 Audits of the three subject areas are currently being planned, to be undertaken during the last quarter of 2020/21.

Internal audit planning for 2021/22

- 1.24 Planning of internal audit work for 2021/22 is underway. The planning approach is designed to achieve coverage over a reasonable period of time, of the Council's main risks and core processes where there is a reasonable expectation of detecting significant control weakness and fraud. The starting point has been a review of the strategic and directorate risk registers and discussion of potential audits with senior management teams. This should enable assurance to be provided towards the directorates' management of significant risks. The external auditors have also been consulted.

2.1. Recommendations

It is recommended that the Audit Panel notes the progress reported by managers with implementing improvements to control arrangements for the service areas in scope.

2.2. Financial implications

There are no financial implications arising directly from this report.

2.3. Legal implications

There are no legal implications arising directly from this report.

2.4. Equalities implications

There are no equalities implications arising directly from this report.

2.5. Climate change and environmental implications

There are no climate change or environmental implications arising directly from this report.

2.6. Crime and disorder implications

There are no crime and disorder implications arising directly from this report.

2.7. Health and wellbeing implications

There are no health and wellbeing implications arising directly from this report.

2.8. Background papers

There are no background papers.

2.9. Glossary

Term	Definition
Assurance Opinion	An independent assessment on the controls in place.
Recommendation	A suggestion made by internal audit on how to improve controls.
Management Action	The actions that management have agreed to do to implement the recommendation made by internal audit.
Control	A process that is in place to facilitate achievement of an objective or to prevent or reduce a risk from occurring.

2.10. Report author and contact

If there are any queries on this report, please contact: Christine Webster, Interim Head of Internal Audit, on 020 8314 5617 or David Austin, Director of Corporate Resources, on 020 8314 9114, or email them at: christine.webster@lewisham.gov.uk or david.austin@lewisham.gov.uk.

Annex 1- Definitions for Audit Assurance Opinions

Where internal audit reviews are given an overall assurance opinion, this is based on the fieldwork conducted to assess the standard of governance, risk management or internal control. The following table explains these opinions.

Assurance Opinion	Definition
★ Substantial	A strong framework of controls is in place to ensure that the service area is likely to meet its objectives. In addition, the controls in place are continuously applied or with only minor lapses.
● Satisfactory	A sufficient framework of controls is in place, but could be stronger to improve the likelihood of the service area achieving its objectives. The controls in place are regularly applied, but with some lapses.
▲ Limited	There are gaps in the control framework in place. This increases the likelihood of the service area not achieving its objectives. Where controls do exist, they are not always applied.
■ No Assurance	There is no framework of controls in place. This substantially increases the likelihood that the service area will not achieve its objectives. Where controls do exist, they are not applied.

Definitions of Finding Categories

Internal audit rates each finding as High, Medium or Low. This rating reflects the risk exposure for the service area and indicates the importance of implementing the recommendation.

Rating	Definition
High	It is crucial that this recommendation is implemented as soon as possible. This will ensure that the service area will significantly reduce the risk of not meeting its objectives.
Medium	Implementation of this recommendation should be done as soon as possible, to improve the likelihood of the service area meeting its objective.
Low	Implementation of this recommendation would enhance control or improve operational efficiency.

Annex 2 – Delivery status for 2020/21 planned audits

Dir	Audit	Planning	Fieldwork	Reporting	Finalising
CEX	44 - COVID 19 - Governance Arrangements				
CEX	99 - Supporting Families Grant Certification				
COM	43 - Violence against Women and Girls - Contract Monitoring				
COM	47 - Domiciliary Care Block Contract Payments				
COR	18 - Relief and Support Allocation - Covid 19				
COR	23 - School Finance				
COR	27 - Tendering and Procurement of Contracts				
COR	05 - Budget Monitoring for CYP and COM				
COR	03 - Asset Management 20-21				
COR	04 - Banking 20-21				
COR	02 - Accounts Receivable and Debt Recovery 20-21				
COR	06 - Business Rates 20-21				
COR	09 - Council Tax 20-21				
COR	11 - Housing Benefit and Council Tax Reduction Scheme				
COR	15 - Payroll 20-21				
COR	17 - Treasury Management 20-21				
COR	01 - Accounts Payable (Key Control only) 20-21				
COR	16 - Pensions 20-21				
COR	30 - Risk Management Framework				
COR	12 - Main Accounting 20-21				
COR	25 - VAT				
COR	36 - Smart tech roll out project				
COR	37 - Project - liquid logic / Controcc				
COR	39 - Post Implementation Review of Oracle HR / Payroll				
COR	40 -Remote Working				
COR	41 - IT Audit Needs Assessment				
CYP	35 - Schools Websites				

Dir	Audit	Planning	Fieldwork	Reporting	Finalising
CYP	21 - HR Policies				
CYP	33 - Section 17 - Financial Assistance Payments				
CYP	14 - Payments to Childcare Providers				
CYP	20 - Children Social Care (CSC) Improvement Progress				
CYP	46 - Passenger Transport - Financial Management				
CYP	31 - Early Help Service Transformation				
HRPR	26 - Building for Lewisham				
HRPR	34 - Refugee Resettlement Programme - Contract Management				
HRPR	28 - Housing of Multiple Occupation (HMO) - Licensing and Enforcement				
HRPR	07 - Capital Expenditure 20-21				
HRPR	48 - Highways Contracts				
HRPR	32 - Rough Sleeping Initiative Funding				
HRPR	08 - Private Sector Housing - Leasing				

Annex 3

Accounts Receivable and Debt Recovery 19-20

Final Report

Corporate Services (COR)

Overall Audit Opinion - Limited

	Process Areas	High	Medium	Low
●	1. Raising Invoices	-	2	1
▲	2. Debt Recovery	1	2	1
●	3. Write-Off's	-	1	-
▲	4. Reconciliations	1	-	-
●	5. Performance Monitoring	-	1	-
▲ *	6. Information Security and Business Continuity	-	-	-

*There are three recommendations, (1 high and 2 medium) relating to the controls around Oracle Financial System. While they also relate to Account Receivable, they will only be formally reported and monitored in the Accounts Payable Audit.

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

1. Background

The background for this internal audit and the service objectives were included in the Terms of Reference. Testing of write-offs, including review of the documentation and confirmation of authorisation could not be completed. This is due to Covid 19 lockdown restrictions which meant officers were not able to access the documentation kept in the office.

It is also noted that some of the debts within the sample had reached the stage where legal action or bailiffs could have been used (prior to COVID 19). However, none of these cases had been progressed to this level of recovery action, therefore controls around these processes have not been tested as part of this audit. It was stated by the Corporate Debt Collection Manager, Public Services this was due to a restructure of the team that started in April 2019, and is still on-going due to be finished in September 2020 when all posts should be filled.

The report has been given a limited opinion due to the following issues;

- Delays in recovery action including sending reminder letters within the required timeframes as per the Debtors Procedure Manual.

- The Accounts Receivable and Accounts Receivable Refunds Reconciliation had not always been completed and authorised within a timely manner. There were also items of income that had not been cleared and on-going discrepancies that had not been resolved.

There were three findings raised in the Accounts Payable Audit relating to Oracle System Controls that are also relevant to Accounts Receivable. While they also relate to Account Receivable, they will only be formally reported and monitored in the Accounts Payable Audit. The findings were:

- It was not possible to run a report to show vacation rules in use and for how long they had been set. It was also found that when an officer uses the delegation rule they are able to delegate their authority to another user and further approval is not required.
- *A report to help identify new user set-ups, amendments, such as additional roles or when a user is de-activated could not be produced in Oracle Cloud.
- *The form used to set up new profiles and process amendments on Oracle Cloud had too many options to choose from and it might not be clear to officers which option relates to which role on Oracle Cloud. In addition, the form had not been completed for all amendments. Supporting procedures had also not been formally documented.

2. Assurance Opinion and Recommendations Made

Accounts Receivable and Debt Recovery 19-20 has an assurance rating of Limited.

The previous audit completed in 2018/19 had the assurance rating of Limited.

The number of recommendations made, listed by categories are listed below:

- 2 High recommendations, of these 2 were made in the previous report,
- 6 Medium Recommendations, of these 5 were made in the previous report, and
- 2 Low Recommendations.

3. Key Findings *indicates reoccurring recommendation

- *Debt recovery action including sending reminder letters was not done in a timely manner and further debt recovery action had not been done.
- *The Accounts Receivable and Accounts Receivable Refunds Reconciliation had not always been completed promptly (within three weeks of month end) and had not always been authorised in a timely manner. Items on the Accounts Receivable Refunds reconciliation had not been resolved. There were discrepancies between the Accounts Receivable report and General Ledger report in the Accounts Receivable Reconciliation that were not resolved.
- *Debtor KPIs were not being reported as part of the Corporate Services Performance Report.
- *In one case the credit note request had not been processed in a timely manner. In one case the request had been processed without the request form completed. In two cases a reason for the credit note and a record of authorisation of the credit note was not recorded.

- *In one case the invoice request had not been processed in a timely manner and time scales for processing invoice requests had not been agreed. There was also one invoice request form that had not been processed in a timely manner.
- *Internal Audit requested evidence confirming authorisation for a sample of five write-offs. However, these were not kept electronically. Therefore, the documentation could not be provided Due to Covid 19 lockdown restrictions, and write off controls could not be fully reviewed.
- *There were four debts where a default on an instalment arrangement had occurred and further investigation was needed but not actioned. In addition, the Financial Information Form had not been completed in one case where it was required.
- Out of a sample of five Housing Benefit Debt Recovery cases, it was found that two cases debt recovery action had not been taken. In one case this was due to an issue with the migration to ASH where a number of invoices had not been migrated.

4. Areas that worked well

- Invoices included the Councils options for payments printed on the back
 - Invoices had been authorised by appropriate officers in all cases
 - Once an invoice has been issue, it is not possible to amend or cancel an invoice. A credit note must be raised.
 - There was a Write-off Policy, and write-offs had been authorised by the appropriate person with documentation retained.

Annex 4

Client Contributions for Care Provision 2019/20

Final Report

Corporate Services (COR)

Overall Audit Opinion - Limited

	Process Areas	High	Medium	Low
★	7. Service Users' With Care Packages and Their Eligibility	0	0	0
●	8. Carrying Out Financial Assessments	1	1	1
▲	9. Issuing of Invoices	2	2	0
★	10. Annual Uplifts	0	0	0
▲	11. Deferred Payment Scheme (DPA) and Top-Up Payment Agreement	2	3	1
★	12. Information Security and Business Continuity Planning	0	0	0
Total		5	6	2

Key ★ Substantial ● Satisfactory ▲ Limited ■ No Assurance

1. Introduction

The background for this internal audit and the service objectives are included in the Terms of Reference.

Basis of Opinion

Audit testing has identified a number processes that puts at risk the service objective of issuing accurate and timely invoices to service users' for their assessed contribution towards their care and support charges. Due to this the audit has been given a Limited Assurance opinion.

The process area that impacted upon the assurance opinion was issuing invoices to service users'. A review of invoices issued to 41 service users identified nine were issued with inaccurate invoices. It was identified service users' were being both over charged (£48,771.47 in total) and under charged (£3,723.94 in total) for their contributions.

Audit testing also established inconsistencies in the value of the upper capital limit in the charging policy. In addition, financial assessments for non-residential service users' took place after they started receiving care.

2. Assurance Opinion and Recommendations Made

Client Contribution for Care Provision 2019/20 has an assurance rating of Limited.

The previous audit completed in 2018/19 had the assurance rating of Limited.

The number of recommendations made, listed by categories are listed below:

- 5 High recommendations (of these 2 were raised in the previous audit report),
- 6 Medium Recommendations (of these 3 were raised in the previous audit report), and
- 2 Low Recommendations.

3. Key Findings *indicates reoccurring recommendation

- * A review of the invoices issued to 41 service users identified seven instances where the amount invoiced to the service user did not agree to their financial assessment. Due to a change in the service users' package of care, six clients were overcharged a total of £14,517.62 and three clients were under charged a total of £3,723.94.
- * For two out of three Deferred Payment Agreement (DPA) service users tested, interest on deferred charges was not being applied. In addition, DPA service users are not being sent six-monthly statements, as required by the Care Act statutory guidance.
- Due to miscommunication between different service teams within the Council, it was identified two service users were over charged £34,253.85 for contributions towards their care and support costs.
- A review of three Deferred Payment Agreements (DPA's) identified one service user was not provided with a disposable income allowance of £144 per week, as required by the Care Act statutory guidance. In addition, the same service user was incorrectly sent an invoice of £9,350 for immediate payment instead of being debited to their DPA account and deferred until the termination of the deferred payment agreement.
- A review of the Adult Social Care Charging and Financial Assessment Framework identified inconsistencies in the value of the upper capital limit.
- * A review of three DPAs identified none of the three were charged an administration charge. In addition, a review of one ended DPA identified the service user was not charged a termination fee. In total, the lost income to the Council from these service users' was £1,225.
- * For three DPAs tested, it was identified that two did not have an equity limit calculated. In addition, evidence was not provided that an officer of the Council was regularly monitoring the amount of charges accrued on DPA accounts to identify when service users are approaching 70% of their property value or equity limit, as required by the Care Act statutory guidance.
- * Testing of 23 new service users' identified 10 non-residential and three residential service users' financial assessments were not carried out prior to the start of the service user's package of care. In addition, it was identified for four service users' they were not charged from the first date they received care from the Council. The loss of income to the Council was £6,802.50.
- A review of five non-residential service users that are paying the full cost of their care identified three that did not have an adjustment on their invoices for service breaks.

- A review of three DPAs identified one was not set up within 12 weeks of receiving the completed and signed DPA application form, as recommended by the Care Act statutory guidance. The length of time to set up the DPA was 116 weeks. At this point, the service user had accrued charges of £83,603.07 without adequate security being put in place.
- It was identified that client contributions are not exported from ContrOCC (Adult social care finance system). Therefore, it is not possible for the Finance Team to perform a reconciliation between the assessed contribution data on ContrOCC to the general ledger.

4. Areas that worked well

- A review of LAS records for 25 service users' with an active package of care on LAS and no financial assessment identified all 25 service users' were exempt from charging.
- A review of 36 financial assessments identified for all 36 assessments that relevant financial information such as benefits, occupational pension, property ownership, disability related expenditure, other expenses etc. was obtained. It was confirmed for each assessment tested, the data entered agreed to the source documents.
- Testing of 24 periodic invoice request forms and 18 one off invoice request forms sent to the Income and Payment Team identified the amount invoiced to the service user agreed to the request form and data on ContrOCC.
- It was confirmed that an annual uplift was carried out for the financial year 2019/20.
- It was confirmed for all Deferred Payment Agreements tested that a written contract was in place which was signed both the service user or their power of attorney and an officer of the Council. In addition, it was verified that a legal charge was placed on the service user's property as security for the deferred charges.
- It was confirmed a documented business continuity plan is in place for the Benefits service. The plan was recently reviewed on the 31/10/19.

Annex 5

Payments to Childcare Providers and Foster Carers for Looked After Children – 2019/20

Final Report

Children and Young People (CYP)

Overall Opinion – Unable to Provide an Opinion.

	Process Areas	High	Medium	Low
▲	1. Assessments and Placement	2	1	-
	2. Payments to Residential and Semi-Residential Care Providers	-	-	-
	3. Payments to In-House Foster Carers and Independent Fostering Agency's	-	-	-
	4. Budgetary Control	-	-	-
●	5. Information Security	-	-	-
	Total	2	1	0

Key ● Substantial ● Satisfactory ▲ Limited ■ No Assurance

1. Introduction

The background for this internal audit was included in the Terms of Reference.

This audit was conducted remotely in order to comply with Government lockdown directives. Confirmation of controls in place was established through telephone, email and virtual communications. Compliance testing was expected to be achieved through Council staff providing documentation in respect specific samples as requested.

2. Assurance Opinion and Recommendations Made

The previous audit completed in 2018/19 had the assurance rating of Limited.

Internal audit have not been able to express an assurance opinion in this audit as we have not been able to obtain sufficient evidence to provide a basis for an audit opinion.

The key controls have been confirmed with management, however, internal audit have been unable to obtain evidence and/or perform testing to confirm the effectiveness of all controls. The work we have not been able to conduct, and the reasons, is detailed below.

Payments to Residential and Semi-Residential Care Providers - Other than the payment exception report that was received on 30th July 2020, no other information has been provided. No controls testing has therefore been completed in this area.

Payments to In-House Foster Carers and Independent Fostering Agencies - Information has been requested but not provided, therefore controls testing has not been performed.

Budgetary Control - Information has been requested but not provided, controls testing has not been undertaken.

Information Security – Access control to the Liquidlogic Children's Social Care (LCS) and ECM systems was confirmed and tested but we have not received the requested report of

staff who have completed the Council's mandatory data protection course in order to confirm the training has been completed by all relevant staff.

Based on the work we have been able to complete, the number of recommendations made, listed by categories are listed below:

- High Recommendations (one reoccurring)
- 1 Medium Recommendations;
- 0 Low Recommendations

3. Key Findings *indicates recurring recommendation

- Documented procedures for placement and procurement processes were not in place.
- * Sample testing of 20 placements identified three instances where the Placement Information Record (PIR) could not be found in the LCS and five instances where the placement authorisation was not recorded in LCS; and
- Sample testing of 20 placements identified sixteen instances where a Placement Plan (PP) or Individual Placement Contract (IPC) had not been signed by the provider.

4. Areas that worked well

- A Placement Tracker was being used to monitor placement activity and track expenditure made for weekly placement cost. The tracker was being constantly checked for errors and updated each week by Placement Contract Manager and Business Support Team.
- Child Social Care (CSC) managers completed and authorised Access Request forms for the creation within the LCS system of a new starter. Periodic active user review for LCS was carried out by the Business Support Team and managers to ensure the access of leavers and movers is removed from the system.