

Report of the Chief Officer (Financial Services)

Report to Corporate Governance and Audit Committee

Date: 29 June 2020

Subject: Internal Audit Update Report March to May 2020

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- This report provides assurance that the internal control environment is operating as intended through a summary of the Internal Audit activity for the period from March to May 2020 and highlights the incidence of any significant control failings or weaknesses..
- This report also provides Members with the proposed revision to 2020/21 Internal Audit Plan necessary as a result of the COVID-19 response.

2. Best Council Plan Implications

- The work of Internal Audit contributes to Leeds City Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on accomplishing the Best Council Plan objectives.

3. Resource Implications

- A risk-based approach has been used to devise an Internal Audit plan that promotes the effective and efficient use of resources across the organisation.

4. Recommendations

- The Corporate Governance and Audit Committee is asked to
 - a) receive the Internal Audit Update Report covering the period from March to May 2020 and note the work undertaken by Internal Audit during the period covered by the report;
 - b) note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period;
 - c) approve the proposed risk based prioritisation of the Annual Internal Audit Plan 2020/21

1. Purpose of this report

- 1.1 The purpose of this report is to provide a summary of the Internal Audit activity for the period March to May 2020 and highlight the incidence of any significant control failings or weaknesses.
- 1.2 The report also provides information on the impact of the Covid-19 emergency on priorities for and the resources available to conduct the 2020/21 Annual Internal Audit Plan.

2. Background information

- 2.1 The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements, including matters such as internal control and risk management. The Committee also considers the Council's arrangements relating to internal audit requirements, including monitoring the performance of Internal Audit.
- 2.2 The reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
- 2.3 The reports issued by Internal Audit are directed by the Internal Audit Annual Plan. This has been developed in line with the Public Sector Internal Audit Standards (PSIAS) and has been reviewed and approved by the Committee.
- 2.4 Depending on the type of audit review undertaken, an assurance opinion may be assigned for the control environment, compliance and organisational impact. The control environment opinion is the result of an assessment of the controls in place to mitigate the risk of the objectives of the system under review not being achieved. A compliance opinion provides assurance on the extent to which the controls are being complied with. Assurance opinion levels for the control environment and compliance are categorised as follows: substantial (highest level); good; acceptable; limited and no assurance.
- 2.5 Organisational impact is reported as either: major, moderate or minor. Any reports issued with a major organisational impact will be reported to the Corporate Leadership Team along with the relevant directorate's agreed action plan.
- 2.6 Our protocols specify that we undertake a follow up review where we have previously reported 'limited' or 'no' assurance for the audited area. Our audit reports include an assurance opinion for each objective reviewed within the audited area. Follow up audits are undertaken for those areas where a specific objective within the review resulted in limited or no assurance in addition to those where the limited or no assurance opinion was provided for the review overall.

3. Main issues

Audit Reports Issued

3.1 The title of the audit reports, relating to reviews carried out under the 2019/20 Internal Audit Annual Plan, and issued between March and May 2020 and level of assurance provided for each review is detailed in table 1 below.

Table 1: Summary of Reports Issued March to May 2020

Report Title	Audit Opinion		
	Control Environment Assurance	Compliance Assurance	Organisational Impact
Key Financial Systems			
Council Tax	Substantial	N/A	Minor
Capital Programme Central Controls	Substantial	N/A	Minor
Benefits: Assessment and Payments	Substantial	N/A	Minor
Housing Rents	Substantial	Substantial	Minor
Total Repairs	Substantial	Good	Minor
Sundry Income – Bereavement Services	Substantial	Substantial	Minor
Treasury Management	Substantial	Substantial	Minor
Resources and Housing			
Waivers of Contract Procedure Rules (CPRs) Follow Up	Good	Acceptable	Minor
ICT and Information Governance			
Applications Portfolio Programme	Acceptable	N/A	Moderate
Adults and Health			
Customer Information System (CIS) Payments	Substantial	Good	Minor
Schools			
School Voluntary Funds x 1	Certification of Balances		

2019/20 Internal Audit Plan

3.2 During the reporting period, there have been no limitations in scope and nothing has arisen to compromise our independence. We have finalised 11 audit reviews (excluding data analytics, work for external clients and fraud and irregularity work) and we have not identified any issues that would necessitate direct intervention by the Corporate Governance and Audit Committee.

3.3 Each of the audits that have been completed in respect of the Council's key financial systems have received substantial or good assurance opinions. This provides the Committee with assurance that these systems are well established and operating as intended.

Limited or No Assurance Opinions

3.4 Of the audit reviews finalised during the period, no weaknesses have been identified that would result in a 'major' organisational impact and none of the reviews have resulted in a limited or no assurance opinion.

Follow Up Reviews

3.5 We have finalised one follow up review during the reporting period:

Waivers of Contract Procedure Rules (CPRs)

3.5.1 In January 2019 we reported the outcomes of our audit of waivers of Contract Procedure Rules (CPRs). Whilst the original audit provided acceptable assurance overall, we provided limited assurance on the extent to which waivers were being reviewed and analysed to enable lessons learned to be fed back into procurement processes. Given the importance of ensuring that all procurement decisions are taken with regard to the financial, legal and transparency implications, we opted to carry out a full follow up audit of the waiver process.

3.5.2 Having now completed our follow up review we are able to provide good assurance for the control environment. The council's CPRs have been refreshed to require consultation with Procurement and Commercial Services (PACS) before a decision is taken to waive CPRs, and this has been supplemented with further guidance outlining the legal and regulatory framework to be considered. Formalising the requirement to consult with PACS also serves to strengthen the central oversight in place to support the continuous review and improvement of procurement processes.

3.5.3 Recent data supplied by PACS confirms that the number of waivers processed across the authority has fallen over each of the last three years, with 79 waivers processed in 2019/20 as opposed to 153 in the previous year. Our opinion of acceptable assurance for compliance reflects the fact that there are opportunities to further embed the processes that will sustain the positive direction of travel. Our main recommendation focusses on training to further promote the importance of compliance with CPRs and strengthen the close working between directorates and PACS that will ensure waivers are limited to exceptional circumstances.

Counter Fraud and Corruption

3.6 The counter fraud and corruption assurance block within the Internal Audit Plan includes both the reactive and proactive approaches to the Council's zero tolerance to fraud and corruption.

Proactive Anti-Fraud Work

3.7 As previously reported we take part in the National Fraud Initiative (NFI). The NFI is an exercise conducted by the Cabinet Office every two years that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

3.8 Relevant teams within the Council (for example, Internal Audit, Benefits, Blue Badge and Adult Social Care) have been working through the matches on a risk basis. This work has been ongoing since January 2019. During the reporting period this work has:

- Identified 1 Vat error (£1140); and
- Prevented two further right to buy sales, with estimated savings of £72k for each property
- The total overpayments/errors identified to date (benefits and Vat) £204,771

3.9 To help ensure that there is an effective counter fraud culture in place within Leeds City Council, we have included time in the counter fraud block to undertake proactive fraud reviews. These reviews consider areas identified through various methods, including the use of best practice publications and our internal risk assessments. We have concluded one proactive review in this period relating to purchasing card transactions. Recommendations were raised to improve compliance with procedures.

Reactive Anti-Fraud Work

3.10 During the reporting period we have received 15 potential irregularity referrals. All reported irregularities were risk assessed by Internal Audit and are either being investigated by ourselves, the relevant directorate or HR colleagues, as appropriate.

3.11 During the reporting period 17 referrals have been closed. There are 15 referrals that are currently open and being investigated. One of the referrals remains under investigation by police. We are currently working with the service area involved to conclude our investigation.

Other Internal Audit Work

Response to COVID-19

3.12 Ever since the COVID-19 pandemic hit the UK, and more so since the lockdown was implemented from 23 March 2020, Councils have had to rethink service delivery. Internal Audit have supported colleagues in Leeds during this process to ensure that internal controls remain in place and good governance is adhered to.

3.13 This support has been in many forms, from simple ad-hoc advice, to larger project work as described below.

Small Business Grant and Retail, Leisure and Hospitality Grants

3.14 On 11 March 2020, as part of the Chancellor's budget statement, the Government announced they would provide financial support for certain types of business in response to the economic effects of the COVID-19 pandemic. It was also announced that the administration of this support would lie with local authorities. The support is to be delivered in the form of two grants, Small Business Grant and Retail, Hospitality and Leisure Grant. Given the urgency of these payments and the data currently held within the Council, it was decided that Leeds City Council would utilise the Business Rates system for this purpose and issue the grant payments through the refunds process already in operation.

3.15 Internal Audit implemented a major project to support Business Rate colleagues by undertaking due diligence on the businesses considered eligible for the grant. This due diligence approach was multi-faceted. Our Data Analytics expert utilised Cabinet Office's 'Spotlight' Digital Assurance Tool. This tool enabled us to match, or not, the Council's existing data within the business rates system with information available from Government sources such as Companies House and the Charity Commission. We processed 5,758 businesses through the Spotlight Tool. For the businesses where this information was not available (approx. 2,300), Internal Audit have undertaken manual checks to mitigate the risk of fraud and error. This work has contributed to £137.63m of grant payment support (as at 28 May 2020) to be paid to businesses within Leeds.

Community Care Volunteers Paid for Shopping Process

3.16 In response to the COVID-19 Pandemic Adults & Health have been working with voluntary organisations and a number of volunteers across the city to support people who are unable to leave their homes. Within this group are people who are able to pay for their shopping but unable to go shopping themselves. The internal audit service provided advice to the directorate on the process and the controls within. It was essential that it did not require the person to provide a payment card and pin number to the volunteer. The service is providing ongoing advice and guidance to Adults and Health on these processes, including how people are to be billed for the shopping once it has been received.

Waterside Temporary Mortuary

3.17 Internal Audit were approached by Human Resources to identify whether any resources could be made available to assist with the administration at the temporary Waterside mortuary facility. Due to the requirement for high attention to detail, Internal Audit had been identified as having the necessary skillset. This

resulted in one member of the audit team undertaking a number of training sessions and practice shifts on-site. This involved learning the processes and procedures required should the site become fully operational, and being trained to use the specialist NHS system required. Currently the facility is not in use, however should this be required the support and resource from within audit will be provided where necessary.

Internal Audit Performance

- 3.18 We actively monitor our performance in a number of areas and encourage feedback. A customer satisfaction questionnaire (CSQ) is issued with every audit report. The questionnaires ask for the auditee's opinion on a range of issues and asks for an assessment ranging from 5 (for excellent) to 1 (for poor). The results are presented as an average of the scores received for each question.
- 3.19 The results of the questionnaires are reported to the Audit Leadership Team and used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff.
- 3.20 For the period from 1 March 2020 to 31 May 2020 we have issued a total of 13 Customer Satisfaction Questionnaires and received 10 completed returns at a response rate of 77% in the period. A summary of the scores is presented in table 2. A full analysis of the 2019/20 data will be presented with the Annual Report, scheduled for September 2020.

Table 2: Results from Customer Satisfaction Questionnaires for the period 1 March 2020 to 31 May 2020.

Question	Average Score (out of 5)
Sufficient notice was given	4.67
Level of consultation on scope	4.74
Auditor's understanding of systems	4.50
Audit was undertaken efficiently	4.76
Level of consultation during the audit	4.71
Audit carried out professionally and objectively	4.93
Accuracy of draft report	4.78
Opportunity to comment on audit findings	4.93
Clarity and conciseness of final report	4.83
Prompt issue of final report	4.63
Audit recommendations will improve control	4.64
The audit was constructive and added value	4.74
Overall Average Score	4.74

3.21 A summarised version of the 2019/20 Audit Plan is detailed at Appendix A to provide members with an overview of the objective of each review and the current status. This also includes audits that have been carried forward into the 2019/20 audit year from the 2018/19 Audit Plan. Planned audits are those that are anticipated to be completed for inclusion within the Head of Internal Audit Report and Opinion that will be presented to the Corporate Governance and Audit Committee in preparation for consideration of the Audited Accounts and Annual Governance Statement. As a result of resourcing implications and risk prioritisation, not all audits that were included in the Internal Audit Plan for 2019/20 may be completed by then. The outstanding audits have either been included in next year's audit plan or considered for future audit coverage as a result of our ongoing risk assessment.

Proposed Adjustments to 2020/21 Internal Audit Plan

3.22 The 2020/21 Internal Audit Annual Plan was approved by the Committee at its meeting in March 2020.

3.23 Since that time, Internal Audit's efforts have been heavily focused across a number of areas linked to the council's response, as detailed at para 3.12. The consequence of this is that the audit work that was originally planned will reduce, just as the risk profile and organisational priorities will continue to shift.

3.24 The Head of Audit has provisionally re-prioritised the audits within the approved audit plan with the following priority ratings:

- 1 The audit must be completed. The review needs to be completed either because it is currently fundamental to the Annual Audit Opinion, is a requirement for the s151 responsibilities or is a required follow up review.
- 2 The audit remains a high priority. Internal Audit will endeavour to complete these reviews where possible as they link to key council and directorate risks and will supplement the Annual Audit Opinion.
- 3 The audit has been classified as a lower priority following reassessment of the current risk profile. These audits will remain on a contingency list of reviews that may be completed subject to the availability of resources.
- 4 The audit will not be undertaken during 2020/21 unless the risk profile significantly increases. These audits will be reconsidered during the 2021/22 planning process.

3.25 This prioritisation process was informed by a series of discussions held between the Directors, Chief Officers and other key contacts across the Council with Internal Audit.

3.26 The audits assessed as priority 1 are detailed in Appendix B. This will not be the totality of the audit reviews undertaken during 2020/21. However, it is the revised starting point. Internal Audit will remain in regular contact with the Intelligence and Policy section (Risk Management) as well as established key contacts to enable consideration of new and emerging risks as they come to light throughout the year.

3.27 The Head of Internal Audit continues to manage available resources to direct these towards the highest areas of risk to ensure that an evidence based Head of Internal Audit opinion can be provided on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in accordance with the Public Sector Internal Audit Standards (PSIAS).

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 This report did not highlight any consultation and engagement considerations.

4.2 Equality and diversity / cohesion and integration

4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and the Best Council Plan

4.3.1 The terms of reference of the Corporate Governance and Audit Committee require the Committee to review the adequacy of the Council's corporate governance arrangements. This report forms part of the suite of assurances that provides this evidence to the Committee.

4.3.2 The Internal Audit Plan has links to risks that may affect the achievement of Best Council Plan objectives and the aims of council policies.

Climate Emergency

4.3.3 Internal Audit will consider the Climate Emergency in the development of Annual Internal Audit Plans and in the scope of all relevant audits.

4.4 Resources, procurement and value for money

4.4.1 The Internal Audit Plan includes a number of reviews that evaluate the effectiveness of financial governance, risk management and internal control arrangements, including coverage of procurement activity.

4.4.2 The Internal Audit Quality Assurance and Improvement Programme and service development work that is reported to the Committee demonstrates a commitment to continuous improvement in respect of efficiency and effectiveness.

4.5 Legal implications, access to information, and call-in

4.5.1 None.

4.6 Risk management

4.6.1 The Internal Audit Plan has been and will continue to be subject to constant review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process incorporates a review of information from a number of sources, one of these being the corporate risk register.

4.6.2 The risks relating to the achievement of the Internal Audit Plan are managed through ongoing monitoring of performance and resource levels. This information is reported to the Committee.

5. Conclusions

5.1 There are no issues identified by Internal Audit in the March to May 2020 Internal Audit Update Report that would necessitate direct intervention by the Corporate Governance and Audit Committee.

6. Recommendations

6.1 The Corporate Governance and Audit Committee is asked to :

- a) receive the Internal Audit Update Report covering the period from March to May 2020 and note the work undertaken by Internal Audit during the period covered by the report;
- b) note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period;
- c) approve the proposed risk based prioritisation of the Annual Internal Audit Plan 2020/21

7. Background documents

7.1 None.

Appendix A – Status of Planned Audits from the 2019/20 Audit Plan and Follow Up Reviews

Audit Area	Overview of Assurance	Status / CGAC Meeting
Grants and Head of Audit Assurances		
Grants and Head of Audit Assurances arising during the year	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.	Reported November 2019, January 2020, March 2020 and ongoing
ICT and Information Governance		
Privileged User Access	To ensure that there are appropriate procedures in place to manage privileged user accounts.	Reported March 2020
Access Database Project	To provide assurance that the Council is aware of all access databases that require action and that there are appropriate plans in place to ensure that the deadline for PSN compliance is met.	Reported November 2019
Community Cloud	To provide assurance that the Community Cloud project is being managed to deliver its intended outcomes.	In progress
Application Portfolio Programme	To review how non-compliant systems are identified and the mechanisms in place to move these towards compliance.	Reported June 2020
Information Asset Registers	To provide assurance that the Council is aware of all data that it holds so that it can be managed and secured in line with legislation.	In progress
Information Governance Policy Reviews	To provide support to the business in the development of the new Information Governance Policies.	Continuous audit
ICT Projects	Time reserved to provide internal audit support for ICT related projects.	Deferred for consideration in 2020/21 due to COVID-19

Audit Area	Overview of Assurance	Status / CGAC Meeting
ICT Projects - Benefits Realisation Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the January 2018 meeting.	Reported March 2020
Management of Major Cyber Incident Risk	To review how the Cyber Incident risk is being managed, including the effectiveness of the controls in place, back up processes and the assurance reporting arrangements.	Reported November 2019
Key Financial Systems		
Benefits Reconciliations	A review of the reconciliation processes between Orchard, Academy and FMS for Housing Benefit and Council Tax Support.	Reported March 2020
Benefits: Assessment and Payments	To gain assurance over the processes and performance within the Benefits Assessment Unit, including ensuring that Housing Benefit and Council Tax Support payments are accurately processed and paid.	Reported June 2020
Council Tax	To gain assurance over the Council Tax processes for billing, income collection, recovery action, refunds and write offs.	Reported June 2020
Business Rates	To gain assurance over the business rates processes for billing, income collection, recovery action, refunds and write offs.	Reported January 2020
Capital Programme Central Controls	To gain assurance that expenditure in the capital programme is appropriately approved, controlled and monitored and that the accounting system provides accurate and timely information.	Reported June 2020
Financial Management Central Controls	To provide assurance over the central budget setting and budget monitoring arrangements.	Reported November 2019
Treasury Management and Bankline	To provide assurance that treasury management transactions are authorised, correct, appropriately recorded and reported, and are in line with relevant strategies and guidelines.	Reported June 2020
Housing Rents	To gain assurance over the housing rents processes for charging, income collection, amendments and write offs.	Reported June 2020

Audit Area	Overview of Assurance	Status / CGAC Meeting
Sundry Income Central Controls	To provide assurance over the central management of income collection for sundry charges raised within the Council, including recovery procedures and write offs.	Reported March 2020
Sundry Income Directorate Reviews	To provide assurance that all income is identified and requests for sundry income accounts are promptly and accurately raised for a sample of service areas.	Reported June 2020
Income Management System	To provide assurance over the systems that ensure all sources of income have been identified and accurately processed through the Income Management System.	Reported November 2019
Payroll Central Controls	To provide assurance over the integrity of central payroll functions, including the accuracy of payments made and the authorisation and processing of new starters and leavers.	In progress
FMS Creditor Purchase and Payment; Central and Directorate Processes	A review of the system through which orders are raised and payments are made to suppliers for goods and services.	Reported November 2019
Central Purchasing Card Controls	To provide assurance over the central purchasing card functions performed by the Central Payment Services Purchasing Card Management Unit.	Reported June 2020
Bank Reconciliation and Cash Book	The audit assesses the accuracy and timeliness of the reconciliations performed on the cashbook and the authority's main accounts.	Reported January 2020
Total Repairs	To provide assurance that there are adequate systems in place to ensure that payments made through the Total Repairs system are made to the correct creditor for goods / services which have been provided to the Council and that the payments are accurately recorded within the Council's accounting system.	Reported June 2020
Procurement		
Contract Management	Individual reviews of contract management arrangements on a sample of contracts to gain assurance that they are being managed to deliver their intended outcomes, incorporating a review of contract extensions and open book review where necessary.	Reported January 2020 and ongoing
Procurement Category Actions	To review the effectiveness of the Category Management process in supporting the delivery of strategic procurement objectives.	Incorporated within Waivers Follow Up

Audit Area	Overview of Assurance	Status / CGAC Meeting
Social Value	To review the arrangements in place to ensure that social value outcomes are appropriately considered and delivered through procurement.	Deferred for consideration in 2020/21 due to COVID-19
Waivers of Contract Procedure Rules (CPRs) Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the January 2019 meeting.	Reported June 2020
Contract Review: Joint Venture Follow Up	To review progress in implementing the recommendations made in the previous audits, as reported to the Corporate Governance and Audit Committee at the June 2018 meeting	Reported November 2019
Contract Specification and Management Follow Up	To review progress in implementing the recommendations made in the previous audit, as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	In progress
Tendering System Controls Follow Up	To review progress in implementing the recommendations made in the previous audit, as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported November 2019
Directorate Risks - Adult Social Care and Health		
Customer Information System (CIS) Payments	<p>To provide assurance that payments are only made in relation to people with an assessed need, have been correctly processed and are net of any client contribution. The review will also provide assurance on the adequacy of controls for identifying changes in circumstances.</p> <p>The review will cover all payments made through CIS for Residential and Nursing Care, Direct Payments and Homecare payments</p>	Reported June 2020
Payments to Providers of Homecare Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the January 2018 meeting.	In progress
Deprivation of Liberties Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the March 2018 meeting.	In progress
Strength Based Approach to Adult Social Care	To provide assurance that there are controls in place to ensure the Council complies with legislative requirements.	Reported January 2020

Audit Area	Overview of Assurance	Status / CGAC Meeting
Short Break Service	To review the new process to ensure that service users are receiving the right tier of support, it has been properly authorised, providers have been paid and that the outcomes are managed / monitored.	In progress
Third Sector / Not for Profit Organisations	To review the arrangements in place to gain assurance that third sector / not for profit groups are delivering their agreed services and objectives.	Reported January 2020
Income Recovery	To provide support to the directorate's Income Recovery Project to gain assurance that all income due is identified and there are appropriate processes in place to ensure that it is billed and collected.	Attendance at Project Board
Unannounced Visits	Individual establishment visits to provide assurance on cash handing arrangements, including the safeguarding of service users monies.	Included in 2020/21 audit plan
Directorate Risks - Children and Families		
In-house Fostering, Special Guardianship and Leaving Care Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported March 2020
Children Looked After Services	To gain assurance that there are effective arrangements in place to manage and monitor the safe reduction of the numbers of children looked after.	Reported January 2020
Payments to Providers of Residential Care and Independent Fostering Agencies	To provide assurance over the efficiency and effectiveness of financial controls.	Reported November 2019
Cluster Model and Area Inclusion Partnerships (AIP)	A review of the arrangements in place to ensure that funding is spent effectively on intervention and inclusion, in support of the intended outcomes of the Cluster Model and AIPs.	In progress
School Attainment	To provide assurance that there are mechanisms in place to monitor school attainment for all children and that appropriate action is taken where issues are identified.	Deferred for consideration in 2020/21 due to COVID-19

Audit Area	Overview of Assurance	Status / CGAC Meeting
Funding for Inclusion	To provide assurance that the top up element of the funding is being correctly calculated in line with formal criteria and then appropriately remitted to the school	In progress
Personal Education Plans	To ensure that there are quality personal education plans in place that are clear and consistent, provide purposeful targets and are subject to regular review.	In progress
Budget Pressures	To gain assurance over the processes in place to manage the budget pressures within the directorate.	Attendance at Looked After Children's Payments and Placement Board
Programme of Unannounced Visits	Individual establishment visits to provide assurance on cash handling arrangements, including the safeguarding of service user monies	Deferred for consideration in 2020/21 due to COVID-19
Schools		
Schools Audits	Individual audits of LCC maintained schools undertaken on a risk basis and audits of year end school voluntary fund accounts.	Reported November 2019, January 2020, March 2020, June 2020
Primary School Follow Up	To review progress in implementing the recommendations made in a previous audit.	Deferred for consideration in 2020/21 due to COVID-19
Directorate Risks – Housing		
Housing Disrepair Follow-up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported January 2020

Audit Area	Overview of Assurance	Status / CGAC Meeting
Leeds Building Services Information Governance (Records Management) Follow-up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the June 2018 meeting.	Reported November 2019
Private Sector Regulation (Houses of Multiple Occupancy) Follow-up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the January 2019 meeting	Deferred for consideration in 2020/21 due to COVID-19
Fire Safety	To provide assurance over the controls in place to mitigate the risk of fire in Council properties.	Deferred for consideration in 2020/21 due to COVID-19
Lettings Enforcement follow-up and new system review	The review will follow up on the recommendations which remain outstanding since the September 2018 follow-up review. Additional work will also be undertaken on the implementation of the new system and the roll out of the revised lettings policy.	Adjustment to plan - Major Adaptions being brought forward (20/21) due to COVID 19 implications
Leeds Building Services Assurances	Time set aside to provide assurance that key risks relating to Leeds Building Services are appropriately managed. Outline of specific assurance to be confirmed. To include gaining assurance that the recommendations made across previous audits are being tracked and implemented.	In progress
Universal Credit	This review assesses the arrangements that have been put in place to support tenants moving to Universal Credit	Reported January 2020
Gas Servicing	To provide assurance over the controls in place to mitigate the health and safety risks of gas fault incidents in Council properties, including the arrangements in place to ensure works identified through the gas servicing process are undertaken.	Reported January 2020
Estate Management	To provide assurance that there are adequate arrangements in place to manage estates to the required standard and that best practice is shared across areas.	Reported November 2019

Audit Area	Overview of Assurance	Status / CGAC Meeting
BITMO Assurance	To provide support to Housing Partnerships in the management of the BITMO Assurance Framework	Reported January 2020
Council Housing Growth	To review the procurement strategy and provide assurance over the achievement of intended outcomes.	Planned
Other Directorate Risks		
Delivery of the Medium Term Financial Strategy	Review of the arrangements in place to achieve the expected outcomes set out within the Medium Term Financial Strategy.	Incorporated within scope of relevant audit coverage
Partnership Risk Management	To review the central arrangements in place for managing risk with partners.	Deferred - for consideration in 21/22 plan
Financial Due Diligence	A review of the arrangements in place to ensure that due diligence is consistently and appropriately applied before entering into an agreement or financial transaction with another party.	Reported January 2020
Invest to Save – Benefits Realisation	To review how the benefits realisation process has been implemented for a sample of Invest to Save projects.	Reported November 2019
IR 35 Legislation Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the June 2018 meeting	In progress
Application of HR Policies	To gain assurance that a sample of HR policies are consistently and properly applied across the authority.	Reported November 2019 and January 2020
Civic Enterprise Leads – Income Collection	To provide assurance that all external income is identified and collected.	Reported November 2019

Audit Area	Overview of Assurance	Status / CGAC Meeting
LCC Vehicle Fleet Clean Air Zone Standards	Time set aside to support the directorate in ensuring that appropriate plans are in place to mitigate environmental risks relating to LCC's vehicle fleet.	Reported November 2019
Community Cohesion / Locality Working	To review the governance arrangements in place to identify and address the barriers to community cohesion in the city.	Deferred for consideration in 2020/21 due to COVID-19
Funding from the Communities and Environment directorate to the third sector	To review the arrangements in place to gain assurance that third sector / not for profit groups are delivering their agreed services and objectives.	In progress
Customer Satisfaction	A review of the processes that support continual improvement in respect of the customer experience.	Deferred for consideration in 2020/21 due to COVID-19
Strategic Investment Fund Acquisitions	To review the directorate's approach to, and governance of the Strategic Investment Fund. The audit will aim to provide assurance that there are appropriate controls over the acquisitions and management and that strategic investment fund plans are adequately scrutinised, approved and align with Council plans and wider best practice.	Deferred for consideration in 2020/21 due to COVID-19
Flood Alleviation Scheme	To review the operational readiness of the Flood Alleviation Scheme	In progress
Income Review - Room Hire Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported January 2020
External Advertising Income – Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the June 2018 meeting.	In progress
Commercial Rents – Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported March 2020
Income Review – Leeds International Beer Festival Follow Up	To review progress in implementing the recommendations made in the recent audit as reported to the Corporate Governance and Audit Committee at the November 2018 meeting.	Reported November 2019

Appendix B – Internal Audit Plan 2020/21 Priority 1

Audit Area	Overview of Assurance
Anti-Fraud and Corruption	
Whistleblowing Hotline and Reactive Work	Risk assessment and investigation of allegations and referrals.
Anti-Fraud and Corruption Proactive Work	Risk-based work to prevent and detect fraud.
Grants and Head of Audit Assurances	
Grants and Head of Audit Assurances	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.
Data Analytics	
Data Analytics	Evaluation of control effectiveness across key systems on a routine basis, highlighting and reviewing high risk events or transactions.
ICT and Information Governance	
Asset Management and Security	To provide assurance that there are appropriate controls in place to ensure assets are securely and effectively managed.
Privileged User Access Follow Up	To review the progress made in implementing the recommendations made in the 2019/20 audit.
Data Protection Impact Assessment	To provide assurance that there are appropriate controls in place to ensure that Data Protection Impact Assessments are completed where required.
ICT Projects	To review the arrangements in place for the management of ICT projects.
Key Financial Systems	
Key Financial Systems	To provide assurance that appropriate internal controls are in place and operating. (risk based)

Audit Area	Overview of Assurance
Procurement	
Contract Management	Individual reviews of contract management arrangements on a sample of contracts to gain assurance that they are being managed to deliver their intended outcomes, incorporating a review of contract extensions and open book review where necessary.
Social Value	To review the arrangements in place to ensure that social value outcomes are appropriately considered and delivered through procurement.
Directorate Risks - Adult Social Care and Health	
Customer Information System (CIS) Payments	To provide assurance that payments are only made in relation to people with an assessed need, have been correctly processed and are net of any client contribution. The review will also provide assurance on the adequacy of controls for identifying changes in circumstances. The review will cover all payments made through CIS for Residential and Nursing Care, Direct Payments and Homecare payments.
Financial Assessments	To provide assurance that all eligible customers in receipt of reviewable services have been financially assessed as appropriate, that assessments have been correctly calculated and that all income due has been collected.
Nursing and Residential Care Home Payments	To provide assurance that the revised processes for paying residential and nursing care providers are operating as intended.
Directorate Risks - Children and Families	
One Adoption West Yorkshire – Decision Making	To provide assurance that there are appropriate governance arrangements in place with regard to decision making for the organisation and that outcomes of the decisions are appropriately monitored and reported.
Special Educational Needs Out of Area Placements	To provide assurance that there are appropriate systems in place for assessing and approving the need for making out of area placements, ensuring that payments are accurate and that performance in relation to this is appropriately monitored.

Audit Area	Overview of Assurance
Directorate Risks - Housing	
Major Adaptations	To review the process in place to ensure major adaptations completed for both council and private houses are appropriate, completed to the required quality and timescale, and provide value for money.
Complaints Handling Process	A review of the processes in place for dealing with customer complaints, including ensuring root causes are identified and action taken on lessons learned.
Leaseholders	To review the process in place to manage leaseholder arrangements.
Private Sector Regulation – Selective Licensing	A review of the processes in place for ensuring that properties subject to selective licensing are licenced and inspected as appropriate.
Housing Disrepair	To assess the extent to which the Authority manages claims received in line with established best practice, ensuring that appropriate consideration has been given to the council's responsibilities in line with the Fitness for Human Habitation Act.
BITMO Assurances	To provide support to Housing Partnerships in the management of the BITMO Assurance Framework.
Leeds Building Services Assurances	Time set aside to provide assurance that key risks relating to Leeds Building Services are appropriately managed. Outline of specific assurance to be confirmed.
Housing Leeds In-Year Follow Up Work and Contingency	To undertake follow up work as required during the year and respond to emerging risks within Housing Leeds.
Other Directorate Risks	
Application of HR Policies	To gain assurance that a sample of HR policies are consistently and properly applied across the authority.
Invest to Save – Benefits Realisation Follow Up	To review the progress made in implementing the recommendations made in the 2019/20 audit.
Medium Term Financial Strategy Assurances	To review and provide assurance on the work being undertaken to ensure strategic planning and prioritisation of the council's resources.

Audit Area	Overview of Assurance
Service Review Programme	Time set aside to contribute to the ongoing review of service delivery arrangements being undertaken through the Medium Term Financial Strategy.
High Value Stock Management	To review the processes in place to ensure the secure management of high value stock items. Directorates and services to be reviewed on a risk basis.
Waste Strategy	To gain assurance that governance arrangements are in place to support the implementation of the Waste Strategy.
Taxi Service	To gain assurance that licenses are issued correctly and complaints are investigated appropriately. This includes reviewing the Suitability Policy to ensure drivers licenses are approved in accordance with new criteria.
Leeds Cultural Trust	To provide assurance on the governance arrangements in place for the Leeds Cultural Trust.
Schools	
Schools Audits	Individual audits of LCC maintained schools undertaken on a risk basis and audits of year end school voluntary fund accounts.
School Follow Up Audits	To follow up on limited assurance opinions issued within 2019/20.