



Appendix C

Leeds City Council

Internal Audit Annual Report

List of Work Completed 2021-22

Corporate Governance and Audit Committee

3rd October 2022

INTERNAL AUDIT ANNUAL REPORT – LIST OF WORK COMPLETED 2021/22

1 The Annual Reporting Process

1.1 This section provides a summary of all reports issued that contribute to our opinion in this Annual Report. The table below demonstrates the audit opinions given, and also brings out the range of assurance themes that can be drawn from the work undertaken. This underlines the value added within the section and is a key factor in supporting the Head of Audit's Annual Opinion. The table also includes details of the Corporate Governance and Audit Committee meeting date where the audits were reported.

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
Finance including Key Financial Systems					
Client Information System (CIS) Payments	Substantial	Substantial	Minor	Financial Management, Anti-fraud & Corruption, Information Governance, Safeguarding	June 2022
FMS Creditor Purchase and Payment; Central and Directorate Processes	Substantial	Good	Minor	Financial Management, Performance Management, Business Innovation and Development, Legislative / Regulatory Compliance, Anti-Fraud and Corruption	February 2023
Treasury Management	Substantial	Substantial	Minor	Financial Management, Performance Management, Legislative / Regulatory Compliance, Governance & Decision Making, Risk & Resilience, Value for Money, Anti-Fraud and Corruption	February 2023

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
ICT and Information Governance					
Data Protection Impact Assessments	Limited	N/A	Moderate	Risk and Resilience, Information Governance, Cyber Security, Governance & Decision Making, Legislative / Regulatory Compliance	March 2022
Procurement					
School PFI	Good	N/A	Minor	Procurement, Contracts & Commissioning, Value for Money, Governance & Decision Making, Partnerships, Financial Management	December 2021
Directorate risks					
Strategic Investment Fund Acquisitions	Good	N/A	Minor	Risk & Resilience, Financial Management, Value for Money, Asset Management, Governance & Decision Making, Legislative / Regulatory Compliance	March 2022
Retirement Wellbeing Checks	Good	Acceptable	Minor	Safeguarding, Information Governance, Risk and Resilience, Performance Management, Legislative / Regulatory Compliance	March 2022
Payments to Providers of Home Care	Acceptable	N/A	Minor	Financial Management, Procurement, Contracts & Commissioning, Anti-Fraud and Corruption, Safeguarding	June 2022

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
Deprivation of Liberties Safeguards 21-22 Follow up	Substantial	N/A	Minor	Legislative / Regulatory Compliance, Risk and Resilience, Governance & Decision Making, Safeguarding, Performance Management	June 2022
Counter fraud controls within Direct Payments Team	Good	Good	Minor	Financial Management, Anti-Fraud and Corruption	June 2022
Asbestos Management	Substantial	Substantial	Minor	Health & Safety, Legislative / Regulatory Compliance, Safeguarding, Risk and Resilience, Performance Management, Asset Management	June 2022
BITMO Assurances 21-22 – Planned and Programmed Works	Acceptable	N/A	Minor	Financial Management, Asset Management, Health & Safety, Partnerships	September 2022
Employee Outside Interests – Grant Funding & Investment	N/A – Memo Issued. Assurance provided that there are appropriate and proportionate measures in place to manage the risk of outside interests within these areas. Recommendation agreed around the reinforcement of obligations within the Council's Financial Regulations.			Human Resources, Legislative / Regulatory Compliance, Governance & Decision Making, Risk and Resilience, Ethics and Culture, Anti-Fraud and Corruption, Financial Management, Value for Money	September 2022

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
Employee Outside Interests – Procurement	N/A – Memo Issued. Assurance provided that a process for identifying and managing the risk of outside interests is appropriately outlined within the Council's Contracts Procedure Rules. Recommendations agreed that will further embed the consistent application of the process including communication, gateway review and sample checking.			Human Resource Management, Legislative / Regulatory Compliance, Governance & Decision Making, Risk and Resilience, Ethics and Culture, Anti-Fraud and Corruption, Financial Management, Value for Money, Procurement, Contracts and Commissioning	September 2022
Employee Outside Interests – Planning	N/A – Memo Issued. Assurance provided that there are procedures in place to manage the risks posed by outside interests. Recommendations agreed to promote the regular review and recirculation of guidance across the section as a means of raising awareness of good practices.			Human Resource Management, Legislative / Regulatory Compliance, Governance & Decision Making, Risk and Resilience, Ethics and Culture, Anti-Fraud & Corruption	September 2022
Employee Outside Interests – Licensing	N/A – Memo Issued. Assurance provided that there are a number of good controls and practices to support the management of risks around outside interests. Recommendations agreed to bolster these processes through the review of 'high risk' posts in line with delegated roles and functions, and the development of supplementary guidance where appropriate.			Human Resource Management, Legislative / Regulatory Compliance, Risk and Resilience, Ethics and Culture, Information Governance, Anti-Fraud and Corruption	September 2022

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
Employee Outside Interests – HR Recruitment & Selection	N/A – Memo Issued. Assurance provided that there are processes in place to capture declarations from new recruits, and from those involved in the recruitment and selection. Recommendations agreed to further strengthen the application of this process through enhanced guidance and induction.			Human Resources, Legislative / Regulatory Compliance, Governance & Decision Making, Risk and Resilience, Ethics and Culture, Anti-Fraud & Corruption	February 2023
Employee Outside Interests	Acceptable	N/A	Moderate	Human Resource Management, Legislative / Regulatory Compliance, Governance & Decision Making, Risk and Resilience, Ethics and Culture, Anti-Fraud and Corruption, Financial Management, Value for Money, Procurement, Contracts and Commissioning, Information Governance, Business Innovation and Development	February 2023
School Audits					
School Follow Up Audit 1	Substantial	Good	N/A	Financial Management, Anti-Fraud and Corruption,	June 2021
School Audit 1	Good	Good	N/A	Financial Management, Anti-Fraud and Corruption, Risk and Resilience, Governance & Decision Making.	March 2022
School Audit 2	Good	Acceptable	N/A	Financial Management, Anti-Fraud and Corruption, Risk and Resilience, Governance & Decision Making.	June 2022

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
School Audit 3	Limited	Limited	N/A	Financial Management, Anti-Fraud and Corruption, Risk and Resilience, Governance & Decision Making.	June 2022

1.2 The table below provides a summary of the audits which are substantially complete. In these instances, the work has been completed and contributes to the opinion in this Annual Report. However, the reports have not been formally issued. The table shows the proposed audit opinions and the range of assurance themes that can be drawn from the work undertaken.

Report Title	Proposed Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
Finance including Key Financial Systems					
Housing Rents	Acceptable	N/a	Minor	Financial Management, Risk and Resilience, Business Innovation and Development, Legislative / Regulatory Compliance, Anti-Fraud and Corruption	February 2023
Capital Programme Central Controls	Substantial	N/a	Minor	Financial Management, Governance & Decision Making, Anti-Fraud and Corruption	February 2023

Report Title	Proposed Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
ICT and Information Governance					
Privileged User Access Follow Up	Limited	N/a	Moderate	Cyber Security, Information governance, Legislative / Regulatory Compliance, Risk and Resilience, Anti-Fraud and Corruption	February 2023
Data Management	N/A – Memo. An audit is in progress which will provide assurance on the processes in place to ensure security of personal and special category data held and processed by the council. To date there have been no significant findings.			Information Governance, Legislative / Regulatory Compliance, Safeguarding, Governance & Decision Making, Risk and Resilience	February 2023
Procurement					
Management of Off Contract Expenditure within Parks & Countryside	Acceptable	N/a	Moderate	Procurement, Contracts & Commissioning, Value for Money, Risk & Resilience, Governance & Decision Making, Legislative / Regulatory Compliance, Anti-Fraud and Corruption, Social Value	February 2023
Directorate risks					
High Value Assets – Highways Services	Acceptable	N/A	Minor	Asset Management, Financial Management	February 2023

1.3 During the year, we have certified 17 School Voluntary Funds and completed 16 reviews which have provided assurance to various central government departments and other bodies that grant conditions have been complied with. These are listed below:

- Contain Outbreak Management Fund (COMF) Grant 2020-21
- Disabled Facilities Grant
- Getting Building Fund
- Transforming Cities Fund
- West Yorkshire Plus Transport Fund
- City Cycling Ambition Grant (CCAG) Phase 1
- City Cycling Ambition Grant (CCAG) Phase 2
- Active Travel Fund Tranche 2
- National Productive Investment Fund (NPIF) Drainage
- Pot-Hole and Challenge Fund
- Local Transport Block Funding
- Leeds Growth Deal
- National Productive Investment Fund (NPIF) Scoot and A6120 Leeds Outer Ring Road.
- Bus Subsidy Grant
- Green Homes Grant
- Annexe G Teaching School Grant

2 Other Audit Work

2.1 During the year we have been involved in a wide range of other audit work which, whilst not culminating in the issue of a formal report, has enabled us to provide ongoing oversight and advice in respect of internal control, governance and transformational activities. The table below summarises the work we have undertaken.

Audit Work Completed	Details	Contribution to Assurance
Core Business Transformation – Work Packages	Provision of support to various work streams within Financial Services that have been set up to ensure that working practices are fit for purpose and in preparation for the introduction of the new core system.	We have worked alongside financial services on the development of a range of budget monitoring dashboards. The work contributes across a range of assurances including financial management and risk and resilience, governance & decision making and business innovation and development.
Core Business Transformation – Programme Assurance	Ongoing work to provide review, advice and challenge to the Programme Board including oversight and advice around the procurement process.	We have continued to provide assurance in respect of the procurement and risk management process including the provision of regular reports to the Programme Board. The work contributes across a range of assurances including financial management and risk and resilience, governance and decision making, project and programme management and procurement, contracts and commissioning.
Contracts Procedure Rules Review	Contribution to the regular review of the Council's Contracts Procedure Rules.	The work helps to ensure that the Council's Contract Procedure Rules remain up to date and fit for purpose. This has continued to focus on the way in which CPRs can facilitate commercial activity and empower decision making at the appropriate level.

Audit Work Completed	Details	Contribution to Assurance
Financial Regulations Review	Contribution to the review of the Council's Financial Regulations	The work helps to ensure that the Council's Financial Regulations remain up to date and fit for purpose. This has included strengthening the message around outside interests and bringing other references up to date.
Community Cloud Executive Steering Committee	Ongoing work to provide review, advice, and challenge to the Microsoft 365 transitional projects.	We provide review and challenge to the committee. The work contributes across a range of assurances including governance and decision making, value for money and information security.
Information Governance Policy Review Group	Attendance at a group set up to review existing information governance policies and protocols.	This enables us to provide support and advice around the policies under review, also offering valuable oversight around the risk management process.
Children and Families – Families First Grant Validation	Regular ad-hoc grant claim validation work carried out throughout the year to support the Directorate.	The work contributes to assurances in respect of financial management and governance.
Verification of contribution payments to the PAYE Settlement Agreement 2020/21	Work undertaken to provide assurance that the correct calculations have been made for the PAYE Settlement Agreement in respect of Lord Mayor Expenses, Long Service Awards, MetroCards (home to office travel) and Examination / Performance Awards.	The work contributes to assurances around financial controls and processes and provides specific assurance to the Council's Chief Finance Officer.
Fraud Risk Mapping – Data Analytics	Work to assess fraud risks and compile systems maps with a view to developing data analytics reporting where appropriate.	We are evaluating the deployment of modern auditing techniques, contributing to assurances around the management of fraud and corruption risks and helping to further instil the anti-fraud culture.

Audit Work Completed	Details	Contribution to Assurance
Anti-Money Laundering (AML) arrangements for the Home Ownership Team, the Sundry Income Enforcement, Council Tax and Business Rates Sections	A review of the anti-money laundering arrangements in place for the Home Ownership Team, Sundry Income Enforcement, Council Tax and Business Rates Sections.	We were able to provide assurance that there are appropriate and proportionate anti money laundering arrangements in place. The work contributes to assurances in respect of anti-fraud and corruption and legislative / regulatory compliance.
Management of risks relating to IR35	Ongoing work alongside Financial Management to ensure there are controls in place to mitigate risks relating to off-payroll working.	The work contributes to assurances around legislative and regulatory compliance.
Anti-social Behaviour – Housing Leeds	Advisory work with Housing Leeds around the procedures in place to manage risks relating to anti-social behaviour.	The work contributes to assurances around safeguarding and reputational risks.
Pre-Payment Cards	Review of alternative arrangements to cash withdrawals on purchasing cards for providing emergency funding to social care clients. This was undertaken at the request of the Chief Officer, Financial Services.	We have made recommendations in relation to changing corporate processes. The work contributes to assurances in respect of financial management and governance and decision making.
£150 Energy Bill Support Scheme	Attendance at Project Board set up to oversee the administration of the £150 energy bill support payment to eligible properties, including the discretionary grant component.	Our place on the Project Board enables us to provide advice around the controls in place and to ensure that these are designed to meet government guidance and mitigate the risk of fraud. This has also enabled us to review lessons learned in real time.
Homes for Ukraine	Attendance across various groups to oversee the administration of payments to both sponsors and families under the Homes for Ukraine scheme.	This enables us to provide support and advice around the security and integrity of the payments process, ensuring that controls are designed to meet the government guidance and mitigate the risk of fraud or error.

Audit Work Completed	Details	Contribution to Assurance
Income Recovery Board	Attendance at the Adults & Health Programme Board overseeing various ongoing developments looking at maximising client contributions.	We provide a check and challenge role to support the service and ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.
Adults & Health Budget Review Group	Attendance at a group within Adults & Health that has been set up to monitor progress in the achievement of Budget Action Plans.	This provides us with valuable oversight of progress against Budget Action Plans within the directorate, including the agreement of actions taken where risks to delivery are identified.
Children & Families Budget Action Plans	This has involved a review of how the Directorate monitors progress against specific action plans. We have also looked at the processes in place to escalate issues if target savings and income projections are unlikely to be achieved.	<p>The work undertaken enables us to provide assurance that budget action plans within the directorate are robust, deliverable and subject to the appropriate level of challenge.</p> <p>Progress against budget action plans is reported to Children and Families Leadership Team. Where action is required, a responsible person is assigned, and we found that progress is followed up at subsequent meetings.</p>
Children & Families Recovery Board	Attendance at a board set up to oversee the plan for guiding Children & Families improvement work during the period of transition out of the pandemic and recovering from its impacts	<p>We provide a check and challenge role to support the service and ensure that potential risks and control weaknesses are highlighted and considered.</p> <p>The work contributes across a range of assurances including financial management and risk and resilience, governance and decision making and project and programme management.</p>

Audit Work Completed	Details	Contribution to Assurance
Public Sector Decarbonisation Project Board	Attendance at a project board set up to oversee the management of decarbonisation funding received by the authority.	<p>Our role on the project board enabled us to gain assurance that processes were in place to ensure funding was used for appropriate schemes in accordance with the conditions of the grants.</p> <p>The work contributes to assurances in respect of financial management, and the Council's response to the climate emergency. Zero carbon is one of the three pillars of the Best City Ambition.</p>
Decision Making Assurances	A regular review of a sample of decisions made to ensure the correct categorisation and the adequacy of supporting information.	This enables to provide assurance that the decision-making process is working effectively. Where issues have been identified, these are fed back to the Governance Support Teams where appropriate.
General audit queries and advice issued	Over the course of the year, we have received and responded to a number of queries and requests for advice from departments and service areas. These have covered a range of themes and areas, with a significant number relating to financial controls and decisions in schools.	The work contributes to assurance in a range of areas, in particular governance and decision making and financial control. The dialogue with service areas demonstrates how respected and valued the Internal Audit service is. It also provides a level of procedural oversight and a source of intelligence to feed into the audit planning process.