Appendix C

Leeds City Council

Internal Audit Annual Report

List of Work Completed 2023-24

Corporate Governance and Audit Committee

29th July 2024

INTERNAL AUDIT ANNUAL REPORT – LIST OF WORK COMPLETED 2023/24

1 The Annual Reporting Process

1.1 This section provides a summary of all audit activity that has been undertaken that contributes to our opinion in this Annual Report. This includes all reports issued as well as other work that 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. Where an opinion has been given, this is included. Where the work has not led to an opinion being provided, we have provided a summary of the key outcomes and assurances.

Report Title			Audit Opinion / Assurances Provided
Finance including Key Financial Systems			
Budget Monitoring and Control	**Control Environment –** Good	Compliance – N/A	**Organisational Impact** – Minor
Children & Families Finance Policies and Use of Section 17 Fund			We have undertaken a review of several finance policies within Children and Families to ensure that these are fit for purpose. This has identified a number of opportunities to strengthen the overall control environment.
Core Business Transformation – Work Packages			We have provided consultancy work through the Finance Design Authority and the Core HR / Payroll Design Decision Panel to aid in the development of the new processes within Microsoft Dynamics and iTrent respectively. This has been through a check and challenge role to ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.
			We have provided consultancy work through the Purchase to Pay (P2P) workstream to aid in the development of purchase to payment systems, including contract management arrangements and through direct involvement in working groups on the interfaces between Dynamics and Civica Pay.
Core Business Transformation – Programme Assurance			We have presented four quarterly reports to the Programme Board providing assurance on the:
			• support and maintenance for Microsoft Dynamics.
			• contract management across the programme.

Report Title	Audit Opinion / Assurances Provided
	• support and maintenance for the systems post go live and contract management across the programme. • change management for the programme. We have also provided assurance that procurement processes for the Finance Implementation Partner and the HR/Payroll technology and implementation partner have been undertaken in line with Contracts Procedure Rules.
Purchasing Cards	We have supported the S151 officer with the current financial challenge, highlighting areas where action can be taken regarding purchasing cards to reduce non-essential spend. This involved an in-depth review of purchasing card transactions, areas of high spend, choice of suppliers and identification of opportunities to reduce spend. This has resulted in: • A reduction in the number of purchasing cards in use. • Targeted communication to remaining purchasing card holders and approvers to reinforce the spend freeze and consideration of the Spending Money Wisely Value where spend is essential. • Ongoing work with PACS to increase both efficiencies in payment processes for essential goods and services and the value of the rebate received from the card provider.
Financial Regulations	We have contributed to the cyclical review of Financial Regulations to ensure that key audit observations and recommendations are appropriately considered within the control environment. This has also included a review of ownership and oversight of the regulations.
Payroll	Data analytics work undertaken. Assurances gained around leaver overpayments; set review dates for honoraria and acting up; set end dates for temporary and fixed contracts of employment; and duplicate bank details across multiple employee records.
Council Tax	Data analytics work undertaken to provide confirmation that annual bills and any subsequent adjustments have been charged at the correct rates.

Report Title	Audit Opinion / Assurances Provided		
CIS (Adult Social Care)	Data analytics work undertaken and assurances gained over placement costs being paid at the agreed rates.		
Treasury Management	Data analytics work undertaken to verify that treasury transactions and interest payments/receipts are accurate and correctly processed.		
Sundry Income	Analytical review to provide assurance on year-on-year billing amounts.		
Adults & Health Budget Review Group	Attendance at meetings to gain assurance that the service will deliver against its budget action plans or, where this is not achievable, ensure alternative savings have been identified and progress against these is monitored.		
Mileage Claims	Assurance provided on the arrangements in place including recommendations to strengthen communication of the relevant policy requirements, and to consider developments within the scope of future transformation activity.		
ICT & Information Governance			
Privileged User Access Follow Up	**Control Environment –** Limited	**Compliance** – N/A	**Organisational Impact – ** Moderate
Cyber Security Risk Management	**Control Environment –** Acceptable	**Compliance** – N/A	**Organisational Impact – ** Moderate
Data Protection Impact Assessment Follow Up	We reviewed the progress being made by the service to implement the original report recommendations made to ensure that the Data Protection Impact Assessments are completed where required. We confirmed that new systems are being developed that should either address or facilitate the implementation of these.		
Project Management	We have provided input into the assurance framework being developed by the Portfolio Management Office for the independent assessment of the status of change initiatives under the IDS portfolio.		

Report Title	Audit Opinion / Assurances Provided		
	We have provided advice in relation to the contract management for the Resource Augmentation Framework contract and reviewed the draft documents.		
Purchase of Non-Standard IT Equipment	We have provided assurance that there is appropriate governance around the decision to purchase the equipment and that there is appropriate management and security of the actual equipment.		
ICO Audit	We have supported the service with their preparation for the ICO visit and have been engaged with the service regarding the response, prioritisation, and oversight of the resulting action plan.		
Office of Data Analytics	Attendance at meetings to gain assurance that potential risks and control weaknesses are highlighted and considered in the development of the service.		
Procurement			
NPS Contract Management Review	**Control Environment –** Good	**Compliance –** Acceptable	**Organisational Impact –** Minor
Colas Contract Management Briefing Paper	We have undertaken a review of contract management arrangements. This identified a number of weaknesses but also noted a strong response from the service who have subsequently implemented a large number of robust contract management procedures to address these and other issues		
Directorate risks			
Adults and Health Debt Recovery	**Control Environment –** Limited	**Compliance** – N/A	**Organisational Impact –** Moderate
Deputy and Estates	**Control Environment –** Good	**Compliance** – N/A	**Organisational Impact –** Minor
No Recourse to Public Funds Follow Up		**Control Environment –** Limited	**Compliance –** Limited	**Organisational Impact –** Moderate

Report Title	Audit Opinion / Assurances Provided		
SEN out of area placements Follow Up	**Control Environment –** Acceptable	**Compliance -** Acceptable	**Organisational Impact – Minor**
Safeguarding	**Control Environment –** Good	**Compliance –** N/A	**Organisational Impact – Moderate**
House in Multiple Occupancy (HMO) Follow Up	**Control Environment –** Good	**Compliance –** Good	**Organisational Impact – Minor**
Supported Living Accommodation	**Control Environment –** Good	**Compliance –** N/A	**Organisational Impact – Minor**
Housing Application Assessment and Priority Awards	**Control Environment –** Good	**Compliance –** Acceptable	**Organisational Impact – Minor**
Housing Leeds Assurance – BITMO Information Governance	**Control Environment –** Good	**Compliance –** N/A	**Organisational Impact – Minor**
Void Property Management	**Control Environment – Good**	**Compliance –** Acceptable	**Organisational Impact – Minor**
Risk Management	**Control Environment –** Acceptable	**Compliance –** N/A	**Organisational Impact – Moderate**
Business Continuity Management	**Control Environment – Good**	**Compliance –** N/A	**Organisational Impact – Minor**
Long Term Voids	**Control Environment –** Acceptable	**Compliance –** N/A	**Organisational Impact – Minor**
Events costing and income generation	**Control Environment –** Acceptable	**Compliance –** N/A	**Organisational Impact – Minor**
Community, Health and Wellbeing Service	Attendance at groups within Adults & Health that have been set up to deliver a key area of transformation for the service in relation to the delivery of home care. We provide a check and challenge role to ensure that potential risks and control weaknesses are highlighted and considered in the service redesign. Specifically, we have provided		

Report Title	Audit Opinion / Assurances Provided
	advice in relation to the development of the specification for the tender for the pilot area and reviewed the draft documents.
Income Recovery Board	Attendance at meetings to ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.
Discharge to Assess	Following a risk assessment during the year we have looked at the Discharge to Assess process to provide assurance that the service is spending money wisely.
Children & Families Delivery Board	Attendance at a board set up to oversee the delivery of the transformation work within Children & Families. This provides assurance that there are adequate governance arrangements in place over the individual projects and programmes to ensure delivery of the transformations.
Children & Families Financial Health Task & Finish Group	Attendance at the meetings to provide support and challenge in relation to the directorate's efforts to address the current financial challenge, including the arrangements in place to deliver their savings programme.
SEND & Inclusion Improvement Programme Steering Group	Attendance at steering group meetings to provide a check and challenge approach to the ongoing delivery of the change programme, including the implementation timescales of the recommendations from the PwC review of Education, Health, and Care Plans (EHCPs). This includes oversight of the workstreams covering programme management, demand and backlog management, new operating model implementation and technology.
Mosaic Project Board	Attendance at a Board that has been set up to deliver a transformation for the service in relation to development of the Mosaic system. We provide a check and challenge role to ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.
Children and Families – Families First Grant Validation	Assurance provided on the validity of the claim being submitted. A total of four claims were made in 2023/24.

Report Title	Audit Opinion / Assurances Provided
Children's Transport	We have undertaken an end-to-end review of the transport process, including the flow of data between services. We have made recommendations to enhance data records and reporting, improving actions available to fully review, challenge and model future transport requirements. The review included oversight of the production of dashboard information for SEN which will include a transport element.
Leeds Building Services Review	Attendance at various meetings established to support service improvement within LBS. This provides assurance that there are appropriate governance arrangements in place and enables us to provide support and challenge in relation to service redesign. Specifically, we have also provided input into process mapping exercise under the quality management system workstream and reviewed proposals for required reconciliation under the budget workstream. We have also undertaken a specific piece of work relating to vehicle usage, overtime and the out of hours service which led to a number of recommendations to strengthen the control environment.
Policy Review Group	A working group with cross-council representation set up to review policies and procedures. The initial aim is to look for opportunities to simplify guidance, establish consistency and accessibility including links to the Council Values. We have attended initial working groups with a view to establishing areas of priority.
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 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.
WYCA Violence Reduction Funding	Recommendations made to strengthen existing processes in respect of grant funding.

Report Title			Audit Opinion / Assurances Provided
Letting Decision			Further to a risk assessment, assurance obtained that a specific lease was awarded in accordance with agreed procedures and approved delegations.
Local Welfare Support Scheme			Recommendations made to strengthen controls in respect of potentially fraudulent claims for local welfare support scheme funding.
Highways Permits			Assurance provided on the arrangements in place including recommendations to strengthen the process regarding the issue of permits for works undertaken on the highways.
School Audits			
School Audit 1	**Control Environment –** Acceptable	**Compliance –** Limited	**Organisational Impact** – N/A
School Audit 2	**Control Environment –** Acceptable	**Compliance –** Limited	**Organisational Impact** – N/A
School Audit 3	**Control Environment –** Good	**Compliance –** Acceptable	**Organisational Impact** – N/A
School Follow Up 1	**Control Environment –** Acceptable	**Compliance –** Acceptable	**Organisational Impact** – N/A
School Follow up 2	**Control Environment –** Acceptable	**Compliance –** Limited	**Organisational Impact** – N/A
School Purchasing Card Transactions			Review carried out to provide assurance that transactions were appropriate spend in line with Financial Regulations and Contract Procedure Rules at a sample of schools.

1.2 During the year, we have certified 15 School Voluntary Funds and completed 18 reviews which have provided assurance to various central government departments and other bodies that grant conditions have been complied with. These are listed below:

- Green Homes Grant

- Holiday Activities and Food Programme 2022-23 Grant

- West Yorkshire Pension Fund Contributions 2022-23

- Pay As You Earn (PAYE) Settlement Agreement

- Local Transport Fund Block Funding return

- Cycle City Ambition Grant 1 & 2

- Pothole Grant return

- City Regional Sustainable Transport Settlement

- Transforming Cities Fund

- Active Travel Fund Tranche 2 & 3

- Getting Building Fund

- Disabled Facilities Grant 2022/23

- Local Authority Bus Subsidy (Revenue) Grant

- National Productivity Investment Fund (ORR) Cycleway Grant

- LibraryOn – Ask for a book grant

- LibraryOn – Website grant

- Adult Education Budget Funding

- West Yorkshire Plus Transport Fund (including CIP, ELOR & CCAG3)