

Report of the Chief Officer (Financial Services)

Report to Corporate Governance and Audit Committee

Date: 23 November 2018

Subject: Internal Audit Update Report June to October 2018

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<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
Is the decision eligible 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 of main issues

1. The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the council's corporate governance arrangements. 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. This report provides a summary of the Internal Audit activity for the period from June to October 2018 and highlights the incidence of any significant control failings or weaknesses.

Recommendations

2. The Corporate Governance and Audit Committee is asked to receive the Internal Audit Update Report covering the period from June to October 2018 and note the work undertaken by Internal Audit during the period covered by the report. The Committee is also asked to note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period.
3. The Corporate Governance and Audit Committee is asked to consider the method and frequency of external assessments of the Internal Audit function against the Public Sector Internal Audit Standards.

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 June to October 2018 and highlight the incidence of any significant control failings or weaknesses.
- 1.2 The report also presents the options available for conducting external assessments of the Internal Audit function against the Public Sector Internal Audit Standards.

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 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.
- 2.2 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.
- 2.3 The Corporate Governance and Audit Committee considers the council's arrangements relating to internal audit requirements, including monitoring the performance of Internal Audit.
- 2.4 This update report provides a summary of the Internal Audit activity for the period from June to October 2018.

3 Main issues

3.1 Audit Reports Issued

- 3.1.1 The title of the audit reports issued during the reporting period and level of assurance provided for each review is detailed in table 1. 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.
- 3.1.2 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.

Table 1: Summary of Reports Issued June to October 2018

Report Title	Audit Opinion		
	Control Environment Assurance	Compliance Assurance	Organisational Impact
Key Financial Systems			
Financial Management Central Controls	Substantial	N/A	Minor
Capital Programme Central Controls	Substantial	Substantial	Minor
Communities and Environment			
Taxi and Private Hire Licensing	Acceptable	N/A	Moderate
Car Parking Income Collection	Acceptable	Good	Minor
City Development			
Flooding Operations	Good	Acceptable	Minor
Commercial Rents	Limited	Limited	Moderate
Income Review – Room Hire	Acceptable	Limited	Minor
Income Review – Leeds International Beer Festival	Limited	Limited	Minor
Income Review – City Centre Box Office	Good	Acceptable	Minor
Resources and Housing			
Apprentice Levy	Good	N/A	Minor
Belle Isle TMO Assurance Framework 5 Year Review	Good	N/A	Minor
Housing Disrepair	Acceptable ¹	Acceptable	Moderate
Leeds Building Services – Out of Hours (Lifts) Follow Up	Acceptable	Acceptable	Minor
Leeds Building Services Stores Follow Up	Memo issued		

¹ Acceptable assurance has been provided for the overall control environment, however, limited assurance was provided for one of the audit objectives reviewed.

Procurement and Contracts			
Procurement Approval Process	Acceptable	Acceptable	Moderate
Tendering Systems Controls	Acceptable	Limited	Moderate
Contract Management Review: Frozen Foods	Acceptable	N/A	Minor
Contract Specification and Management Follow Up	Acceptable	Limited	Minor
Leeds Building Services Subcontractors Follow Up	Good	Acceptable	Minor
ICT and Information Governance			
Housing Leeds ICT Solution Project	Good	N/A	Moderate
Communities and Environment Information Governance	Good	N/A	Minor
Mobile Computing: Data Access	Acceptable	N/A	Moderate
General Data Protection Regulation (GDPR) Service Leads	Memo issued		
Children's and Families			
Central Financial Controls of Local Authority Maintained Schools	Good	N/A	Minor
Unannounced Visit	Acceptable	Acceptable	Minor
In-House Fostering, Special Guardianship and Leaving Care Payments Follow Up	Limited	N/A	Moderate
Arrangements for Forecasting and Planning for School Places	Substantial	N/A	Minor
Management of School Deficits	Acceptable	N/A	Minor
Schools			
School Voluntary Funds x 3	Certification of balances		
Adults and Health			
Income Review - Telecare	Limited	Acceptable	Minor

Safeguarding Clients Personal Assets	Acceptable	Good	Minor
--------------------------------------	------------	------	-------

3.1.3 In addition to the reports detailed in table 1 above, the following assurances have been finalised during the reporting period:

- Local Transport Capital Block Funding
- West Yorkshire Plus Fund
- Cycling Ambition Grant
- National Productivity Investment Fund
- Pot Holes Grant
- Bus Subsidy Ring-Fenced Grant

3.2 Summary of Audit Activity and Key Issues

3.2.1 During the reporting period, there have been no limitations in scope and nothing has arisen to compromise our independence. We have finalised 39 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.

Limited or No Assurance Opinions

3.2.2 Of the audit reviews finalised during the period, no weaknesses have been identified that would result in a 'major' organisational impact.

3.2.3 The following areas have received a limited or no assurance opinion for all or part of the audit coverage:

Income Reviews – City Development

3.2.4 During the reporting period, we have completed four audits that have focussed on the controls in place to identify and collect income due across specific service areas within the City Development directorate. The overarching objective of the reviews was to gain assurance that there are appropriate arrangements in place to ensure that all directorate income is identified, recorded and collected. The principal risk arising is that the directorate fails to optimise income due.

3.2.5 Whilst our audits have identified areas that require management action, it should also be recognised that several of the areas we focused on were proactively brought to our attention by the senior management within the directorate following issues that they had identified. This provides assurance that the directorate is both aware of and keen to address the areas in need of resolution.

3.2.6 The audit recommendations for each of the reviews have been agreed and we have been advised that key process improvements were successfully implemented in time for the 2018 Leeds International Beer Festival event. This

included improved cash collection processes and record keeping to support that all income due was received. The local financial management team is currently working alongside the relevant teams to implement a similarly rigorous approach across all key income streams across the directorate, with the aim of improving the efficiency and effectiveness of income collection processes. Follow up reviews will be undertaken to assess the progress made in implementing the audit recommendations.

Income Review – Telecare

- 3.2.7 The Telecare Service offers a range of equipment designed to assist older and vulnerable people to continue living in their own homes. Services include the use of sensors around the home that remotely monitor a person's activity. If activated, the sensors alert the council's response centre to ensure the appropriate help is provided.
- 3.2.8 The audit found that arrangements are in place to ensure referrals are recorded accurately on the information tool used by the service. However, the existing billing procedures do not recover all potential income and efficiencies could be achieved through the streamlining and automating the various steps used in the process for billing. The audit recommendations have been agreed with management and will be taken forward as part of income project work which is currently ongoing within the directorate.

Housing Disrepair

- 3.2.9 A disrepair claim is a civil claim arising from the condition of residential premises brought by a tenant against their landlord. Typically these arise when a tenant has made their landlord (in this case LCC) aware of repairs that need to be undertaken. If the repairs have not satisfactorily resolved the issue, the tenant may be able to claim against the landlord, if they can prove that the continued disrepair has had a serious impact on their quality of life and / or health. The volume of these types of claim made against local authorities has increased significantly in the last 5 years. The audit reviewed the processes in place to ensure that disrepair cases are being managed effectively to reduce related health and safety risks and the level of costs to which the authority may be liable. Additionally we considered whether Housing Management are taking proactive steps to identify disrepair cases before they arise.
- 3.2.10 The review resulted in an acceptable assurance opinion overall for the control environment, as controls are in place to ensure that claims are handled in line with established best practice and that appropriate performance monitoring and reporting is undertaken.
- 3.2.11 At the time of the audit, limited assurance was provided around proactive activity to prevent potential disrepair issues becoming claims. However, it was acknowledged that a series of measures had already been introduced, which need time to bed in, and includes the formation of a Disrepair Prevention Action Group, damp profiling activity being undertaken in void properties and increasing the focus on repairs during the annual home visits.

- 3.2.12 It should also be noted that a new Head of Disrepair and Disrepair Service Manager were appointed in early 2018 and a number of proactive measures have been introduced that have realised incremental improvements in this area. It is intended that these steps will reduce the volume of claims received and the potential liability of those claims.

Tendering System Controls

- 3.2.13 We carried out a review of tendering system controls, focussing on the system in place to achieve fair and transparent procurement of goods, works and services. The steps to be followed when procuring are clearly set out within Contract Procedure Rules (CPRs) and the council uses a recognised regional procurement portal to integrate tendering and contract award processes. Following the formalised process should ensure that procurements are carried out in accordance with legislative obligations and that contracting opportunities and awards are published where required. However we identified weaknesses in the extent to which key steps had been consistently observed and enforced by the system, including a temporary issue with the automated synchronisation between publishing platforms. This resulted in an opinion of limited assurance for compliance.
- 3.2.14 Whilst Procurement and Commercial Services (PACS) are responsible for the tendering system and have a role in offering support and guidance to service areas, the responsibility for following the correct procedure is shared across the authority and sits with the directorate undertaking the procurement. We have agreed recommendations with PACS aimed at promoting good practice and introducing steps within the system to prompt compliance with contract publishing requirements, including workarounds to overcome any synchronicity issues. The implementation of these recommendations will strengthen assurances that procurements are consistently carried out in an appropriately fair and transparent manner.
- 3.2.15 Within the review we also identified opportunities to strengthen control around the provision and monitoring of access to the tendering system, and our recommendations have been agreed and are already being taken forward by PACS.

Follow Up Reviews

- 3.2.16 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.
- 3.2.17 During this reporting period we have finalised five follow up reviews:

Leeds Building Services Stores Follow Up

- 3.2.18 We have previously reported that limited assurance has been provided in relation to maintaining stock records. We undertook a follow up review, however subsequent changes in the method of service delivery mean that the original recommendations no longer apply. As a result no audit opinion was given for the follow up review and we will consider including relevant audit coverage once the new arrangements have been implemented.

In-House Fostering, Special Guardianship and Leaving Care Payments Follow Up

- 3.2.19 A follow up review was undertaken of payments made for in-house foster care, special guardians and for care leavers. The key recommendations made in the previous audit were in relation to implementing a relevant policy, work procedures and management oversight to prevent payment errors and ensure the accuracy and legitimacy of the payments made. Limited assurance has again been provided for this area as these recommendations have not been actioned in line with the agreed timescales and remain outstanding. The service area has advised that some progress has been made in that;

- workflow charts have been completed in respect of all types of payments,
- a report has been prepared to identify additional resources in the Carer Payments Team to ensure there are sufficient staff to enforce segregation of duties,
- one of the additional posts will have responsibility for data quality with a specific remit for overpayments,
- temporary arrangements have been put in place to provide additional resource and
- the service is working towards making all payments via the relevant ICT system (Mosaic).

- 3.2.20 Management has responded positively to the follow up audit and will provide updates to their Directorate Management Team on the implementation of the audit recommendations. We will undertake a further follow up review later in the year to assess the progress made in this area.

Leeds Building Services Subcontractors Follow Up

- 3.2.21 We have previously reported that limited assurance has been provided in relation to compliance with Contract Procedure Rules (CPRs) and the section's own internal procedures when allocating work to subcontractors. We have carried out two follow up reviews since the original audit and have found that the number of instances of non compliance has reduced significantly and that the direction of travel is considered to be positive which has enabled us to provide an increased level of assurance in this area.

Contract Specification and Management Follow Up

- 3.2.22 A previous audit on a council wide contract highlighted a number of issues around the contract specification and management arrangements that led to the identification of variances between the tendered rates and those that were charged. A new contract has since been procured in this area and our follow up review has identified both greater transparency in the rates applied and improvements in the approach to contract management. This has enabled us to provide acceptable assurance for the overall control environment. However there are further areas for improvement, particularly around the monitoring of prices, which are currently limiting the assurance we can provide for compliance with the control environment. Our resulting recommendations have been welcomed by the contract management function as they continue to work alongside the new contractor to develop stronger contract monitoring systems and processes.

Leeds Building Services – Out of Hours (Lifts) Follow Up

- 3.2.23 A previous review within the LBS Lifts Section on the provision of a call out service to undertake lift maintenance and repairs found a number of weaknesses in the process for allocating and recording the out of hours work undertaken by LBS operatives. Our follow up review has confirmed that the service has strengthened controls in these areas and we can provide an increased level of assurance as a result. We have also agreed further recommendations that will contribute to the overall service improvement within the section.

Other Follow Up Work

- 3.2.24 Members will note from Appendix A that work in respect of ‘Acceptable Use Proactive Monitoring Framework’ is in progress. This work stems from an Internal Audit recommendation reported to, and supported by, the Committee in September 2017 in respect of establishing a framework of proactive monitoring measures that would supplement the council’s existing ICT web filtering and conduct controls in relation to child sexual abuse criminality. Since then, extensive work has been undertaken by the council to implement this recommendation. The following update closes the Internal Audit recommendation reported to members in September 2017:

- A multidisciplinary group was created to implement a suitable monitoring framework.
- The council has joined the Internet Watch Foundation (IWF, a not for profit organisation whose aim is to make the internet safer by removing images of child sexual abuse) and has been working alongside them and West Yorkshire Police in support of this agenda. Following on from this, the council has completed a scanning exercise. This cross-referenced known copies of illegal images supplied by the IWF and it has been confirmed that there were no copies of these images on our computers or network.
- An ‘Acceptable Use’ education campaign for staff is currently being developed and work is underway to refresh the council’s Acceptable Use Policy.

- 3.2.25 Internal Audit is working with the multidisciplinary group and is involved with the education campaign to assist in further improving the council's arrangements.

Counter Fraud and Corruption

- 3.2.26 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

- 3.2.27 During the reporting period, we have progressed the implementation of a counter fraud and corruption training package that will be available on the council's Performance and Learning (PAL) platform. This will supplement current counter fraud awareness work undertaken by the Internal Audit team and help to ensure that staff are aware of the council's key risks and policies to prevent and detect fraud and corruption.

Reactive Anti-Fraud Work

- 3.2.28 During the reporting period we have received 22 potential irregularity referrals. Of these, 19 were classified under the remit of the Whistleblowing or Raising Concerns policies. All reported irregularities were risk assessed by Internal Audit and are either being investigated by ourselves, the relevant directorate or HR colleagues, as appropriate.

- 3.2.29 In our previous update report we informed members that we had made a referral to the police due to potential fraudulent activity in relation to the use of petty cash at one of the council's establishments. The police have confirmed that a conditional caution was issued to the former member of staff. The former member of staff was ordered to pay a sum towards the council's costs, which has subsequently been received.

- 3.2.30 During the reporting period 27 referrals have been closed. There are 15 referrals that are currently open and being investigated.

Internal Audit Performance

Method and Frequency of External Assessments

- 3.2.31 The Public Sector Internal Audit Standards (PSIAS) require a quality assurance framework to be established, which includes both internal and external assessments of the work of Internal Audit. The outcomes of these assessments are reported to the Corporate Governance and Audit Committee on a regular basis as the Committee has responsibility for considering the council's arrangements for monitoring the performance of Internal Audit. The activities we undertake to satisfy the requirements for internal assessments include:

- Ongoing supervision, performance management, quality assurance and regular review of the procedures that guide staff in performing their duties to ensure they conform to the PSIAS. The latest annual external review of our quality management system was undertaken in October 2018 and this

resulted in continued certification, with no non-compliances or opportunities for improvement identified. Our quality management system has been ISO certified since 1998.

- Customer Satisfaction Questionnaires (CSQs) are issued to clients at the end of each assignment and the information returned is used to identify training and development needs. The results of the returned CSQs are reported to the Committee at each meeting.
- Self-assessments are undertaken against the PSIAS for conformance. The latest self-assessment was completed in October 2018 and identified no non-conformances.

3.2.32 The PSIAS became effective in April 2013 and introduced a requirement for an external assessment of an organisation's Internal Audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation. The requirement may be satisfied by carrying out a full external assessment or an internal self-assessment which is then validated by an external reviewer. The Terms of Reference for the first external assessment were reviewed and approved by the Corporate Governance and Audit Committee at the meeting in June 2016. It was agreed that members of the core cities group would undertake the external assessment process through peer reviews, with the arrangement structured in a way that achieved the independence objective. Nottingham City Council Internal Audit team performed the external assessment on Leeds City Council. The assessment concluded that Leeds City Council's Internal Audit function conforms to the requirements of the Public Sector Internal Audit Standards and the full report was presented to the Corporate Governance and Audit Committee in January 2017.

3.2.33 At the Corporate Governance and Audit Committee meeting in July 2018, members requested that options for the method and frequency of the external assessment be presented for discussion at a future meeting. External assessments may be accomplished using either of two approaches:

- A full external assessment. Assessors will draw a conclusion on conformance with the Standards and, depending upon the scope of work agreed with the assessment team, may include other areas that could lead to improved performance of the internal audit function, such as benchmarking and employment of leading practices. Quotes would be obtained in line with Contracts Procedure Rules should this approach be taken forward.
- An internal audit activity self-assessment with independent external validation. This is a comprehensive and fully documented self-assessment process that emulates the full external assessment process in drawing a conclusion on conformance with the Standards. There are cost benefits and staff development opportunities with this approach. This method was selected for our first external assessment as discussed above. As this approach was undertaken as a peer review arrangement, there was no financial outlay. Other benefits included the reciprocal

learning achieved through gaining insight into the detailed working practices of other local authority internal audit functions.

- 3.2.34 As the previous external assessment was undertaken in 2016, the next one must be completed by 2021 to conform with the PSIAS. More frequent external assessments would provide the Corporate Governance and Audit Committee with independent assurance over our conformance with the Standards and potentially highlight areas where we can improve our performance on a more regular basis. These benefits should be balanced against the financial and resource cost of undertaking more frequent external assessments.
- 3.2.35 Regular performance information is reported to the Committee, including the results of the internal assessments and the external quality management assessments and certification detailed above. These mechanisms provide ongoing assurances to the Committee that the system of quality operating within Internal Audit is in line with the PSIAS.

Performance Information

- 3.2.36 As discussed above, 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.
- 3.2.37 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.
- 3.2.38 For the period from 1 April 2018 to 31 October 2018, 15 Customer Satisfaction Questionnaires were received. A summary of the scores is presented in table 2.

Table 2: Results from Customer Satisfaction Questionnaires for the period 1 April to 31 October 2018

Question	Average Score (out of 5)
Sufficient notice was given	4.86
Level of consultation on scope	4.92
Auditor’s understanding of systems	4.40
Audit was undertaken efficiently	4.79
Level of consultation during the audit	4.73
Audit carried out professionally and objectively	4.93
Accuracy of draft report	4.60
Opportunity to comment on audit findings	4.73

Question	Average Score (out of 5)
Clarity and conciseness of final report	4.60
Prompt issue of final report	4.47
Audit recommendations will improve control	4.54
The audit was constructive and added value	4.73
Overall Average Score	4.69

- 3.2.39 The number of CSQs returned is less than those received for the same period in 2017 (27). Although the scores remain at a high level, the reduction in CSQs has led us to consider additional ways of obtaining feedback on our work to support our programme of continuous improvement. At the end of the financial year, we will write to directors to ask for their views on our service and include the results of this exercise in our Annual Report that will be presented to the Committee. This will supplement the feedback that we receive from individual audit engagements.
- 3.2.40 Overall resources for 2018/19 are now less than was anticipated when the audit plan was set. We will actively manage resources to direct these towards the areas of highest 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).
- 3.2.41 The Internal Audit Plan for 2018/19 was approved by the Committee at the meeting in March 2018. A summarised version of the Audit Plan and the progress against each review is appended to this report. For completed audits, the Corporate Governance and Audit Committee meeting that considered the relevant Internal Audit Update Report has been referenced.

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 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. The Internal Audit Plan has links with the council's

strategic objectives and has close links with the council's value of spending money wisely.

4.4 Resources 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 that contribute towards the council's value of spending money wisely.

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 June to October 2018 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 receive the Internal Audit Update Report covering the period from June to October 2018 and note the work undertaken by Internal Audit during the period covered by the report. The Committee is also asked to note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period.

6.2 The Corporate Governance and Audit Committee is asked to consider the options for future external assessments of the Internal Audit function against the Public Sector Internal Audit Standards.

7 Background documents

7.1 None.

Appendix A – Status of Planned Audits from the 2018/19 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 2018 and ongoing
ICT and Information Governance		
General Data Protection Regulation (GDPR)	To gain assurance that appropriate arrangements are in place to manage the risks associated with the new legal framework for data protection.	Reported November 2018 and ongoing
Acceptable Use Proactive Monitoring Framework	With reference to the Corporate Governance and Audit Committee meeting in September 2017, the audit will review the framework in place to monitor the use of LCC ICT equipment in line with the council's Acceptable Use Policy and test a sample of LCC owned devices.	In progress
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.	In progress
Password Configuration	Deferred from 2017/18 pending the implementation of a new council Password Policy, the audit will test whether systems enforce the password requirements in line with the new policy.	In progress
ICT Projects	Time reserved to provide internal audit support for ICT related projects.	Reported November 2018
Externally Hosted Software	To provide assurance that there are adequate contractual arrangements in place where software is hosted by an external supplier.	In progress
Essential Services Programme	To provide assurance over the processes in place to develop and monitor the essential services programme.	Planned

Audit Area	Overview of Assurance	Status / CGAC Meeting
Management of the 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.	Planned
Business Applications	Individual reviews of a sample of key computer applications, including system access and administration, input, processing and output controls.	In progress
Leeds Building Services – Information Governance (Records Management) 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.	Planned
Key Financial Systems		
Benefits Reconciliations	A review of the reconciliation processes between Orchard, Academy and FMS for Housing Benefit and Council Tax Support.	Planned
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.	Planned
Council Tax	To gain assurance over the council tax processes for billing, income collection, recovery action, refunds and write offs.	In progress
Business Rates	To gain assurance over the business rates processes for billing, income collection, recovery action, refunds and write offs.	In progress
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 November 2018
Financial Management Central Controls	To provide assurance over the central budget setting and budget monitoring arrangements.	Reported November 2018
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.	Planned
Housing Rents	To gain assurance over the housing rents processes for charging, income collection,	In progress

Audit Area	Overview of Assurance	Status / CGAC Meeting
	amendments and write offs.	
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.	Planned
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 November 2018
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.	In progress
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.	Planned
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.	Planned
Central Purchasing Card Controls	To provide assurance over the central purchasing card functions performed by the Central Payment Services Purchasing Card Management Unit.	Planned
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.	In progress
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.	In progress
Procurement and Contracts		
Contract Specification and 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 2017 meeting.	Reported November 2018
Non and Off Contract Spend Follow Up	To review the root causes for non and off contract expenditure and the processes for identifying and addressing non-compliant spend.	In progress
Leeds Building Services Subcontractors	To review progress in implementing the recommendations made in the previous audit,	Reported

Audit Area	Overview of Assurance	Status / CGAC Meeting
Follow Up	reported to the Corporate Governance and Audit Committee at the September 2017 meeting.	November 2018 and ongoing
Contract Review: Electricity 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.	Planned
Procurement Maturity Review	This audit will review organisational procurement arrangements against best practice, including the assessment and management of contracting risk.	Planned
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 open book review where necessary.	Reported November 2018 and ongoing
Procurement Category Actions	To review the effectiveness of the Category Management process in supporting the delivery of strategic procurement objectives.	Planned
Waivers of Contract Procedure Rules (CPRs)	To review the governance arrangements in place for the approval and management of waivers of CPRs.	In progress
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	Planned
Contract Specification and Management Follow Up	Further follow up work required as discussed above at 3.2.22.	Planned
Tendering System Controls	To review progress in implementing the recommendations made in the recent audit as reported above at 3.2.13.	Planned
Adult Social Care and Health		
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

Audit Area	Overview of Assurance	Status / CGAC Meeting
Customer Information System (CIS) Payments	To provide assurance over the accuracy and legitimacy of direct payments and residential and nursing care payments made through CIS.	Planned
Learning Disabilities Pooled Budget	To provide assurance over the governance arrangements in place for the pooled budget.	In progress
Mental Capacity Act	A review of the controls in place that ensure the council is compliant with the requirements of the Mental Capacity Act.	In progress
Safeguarding Clients Personal Assets	To provide assurance that there are appropriate arrangements in place to safeguard the assets of the service user where the authority acts as a Deputy or Receiver.	Reported November 2018
Unannounced Visits	Individual establishment visits to provide assurance on cash handing arrangements, including the safeguarding of service users monies.	Planned
Income Review - Telecare	To review progress in implementing the recommendations made in the recent audit as reported above at 3.2.7.	Planned
Children's and Families		
In-House Fostering, Special Guardianship Orders and Leaving Care Payments 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 2017 meeting.	Reported November 2018
Direct Payments 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 2017 meeting.	In progress
Governance Arrangements	To review the directorate's governance arrangements around decision making, reporting and assurance.	In progress
OfSTED Inspections	To gain assurance that there are effective arrangements in place for self-evaluation and ensuring that any recommendations arising from OfSTED inspections are monitored and implemented.	Planned
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.	Planned

Audit Area	Overview of Assurance	Status / CGAC Meeting
Payments to Providers of Residential Care and Independent Fostering Agencies	To provide assurance over the efficiency and effectiveness of financial controls.	Planned
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.	Planned
Unannounced Visits	Individual establishment visits to provide assurance on cash handling arrangements, including the safeguarding of service user monies.	Reported November 2018
In-House Fostering, Special Guardianship Orders and Leaving Care Payments Follow Up	Further follow up work required as discussed above at 3.2.19.	Planned
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 2018
Primary School Follow Ups	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.	Planned
Resources and Housing		
Leeds Building Services Tools and Equipment Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the September 2016 meeting.	In progress
Leeds Building Services Stores Follow Up	To review progress in implementing the recommendations made in the previous audit, reported to the Corporate Governance and Audit Committee at the April 2017 meeting.	Reported November 2018
Lettings Enforcement 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
Belle Isle Tenant Management	Time set aside to provide assurance that the BITMO is managing the key risks that have	Reported

Audit Area	Overview of Assurance	Status / CGAC Meeting
Organisation (BITMO) Assurance	been delegated under the Modular Management Agreement. Outline of specific assurance to be confirmed.	November 2018
Annual Home Visits	A review of the Annual Home Visit process to ensure that outcomes from the visits are actioned and monitored appropriately.	In progress
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.	Planned
Fire Safety	To provide assurance over the controls in place to mitigate the risk of fire in council properties.	In progress
Electrical Inspections	To provide assurance over the controls in place to mitigate the health and safety risks of electrical fault incidents in council properties.	In progress
Homelessness and Temporary Accommodation	A review of the arrangements in place for preventing and managing homelessness in the city.	In progress
Private Sector Regulation	A review of the processes in place for ensuring that Homes of Multiple Occupancy are licenced and inspected as appropriate.	In progress
Responsive Repairs	A review of the responsive repairs contract, focussing on charging, quality and performance monitoring.	In progress
Financial Management Maturity Review	A review of organisational financial management arrangements against best practice.	Planned
Apprentice Levy	A review of the arrangements in place to ensure that the Apprentice Levy is utilised effectively.	Reported November 2018
Right to Buy	A review of the processes in place to assess and manage Right to Buy applications.	In progress
Performance	Time set aside to provide assurance over performance reporting. Outline of specific assurance to be confirmed.	Planned
Civic Enterprise Leeds – Income Collection	To provide assurance that all external income is identified and collected.	Planned

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.	Planned
Application of HR Policies	To gain assurance that a sample of HR policies are consistently and properly applied across the authority.	In progress
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.	In progress
Passenger Transport	A value for money review of the in-house provision by the internal fleet and the external provision through the use of taxis and private hire vehicles.	Planned
Invest to Save – Benefits Realisation	To review how the benefits realisation process has been implemented for a sample of Invest to Save projects.	Planned
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	Planned
Leeds Building Services – Out of Hours (Lifts)	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 2018
Housing Disrepair Follow Up	To review progress in implementing the recommendations made in the recent audit as reported above at 3.2.9.	Planned
Communities and Environment		
Parking Services	To review the systems in place for issuing parking permits and parking tickets, collecting income and managing appeals.	In progress
Child Poverty	A review of the arrangements in place to tackle child poverty across the city.	Planned
Recycling Strategy	To provide assurance that the council's recycling strategy is being effectively implemented.	Planned
Customer Satisfaction	A review of the processes that support continual improvement in respect of the customer experience.	In progress

Audit Area	Overview of Assurance	Status / CGAC Meeting
Unannounced visits	Individual establishment visits to provide assurance over cash handling arrangements.	Planned
City Development		
Community Infrastructure Levy Follow Up and Section 106 Monies	To review progress in implementing the recommendations made in respect of Community Infrastructure Levy made in the previous audit, reported to the Corporate Governance and Audit Committee at the September 2017 meeting and to provide assurance that Community Infrastructure Levy and Section 106 Monies are collected, recorded and spent appropriately.	Planned
Income collection	To provide assurance that all external income is identified and collected.	Planned
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.	Planned
Commercial Rents – Follow Up	To review progress in implementing the recommendations made in the recent audit as reported above at 3.2.4.	Planned
Income Review - Room Hire Follow Up	To review progress in implementing the recommendations made in the recent audit as reported above at 3.2.4.	Planned
Income Review – Leeds International Beer Festival Follow Up	To review progress in implementing the recommendations made in the recent audit as reported above at 3.2.4.	Planned