

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Report of:</b>	<b>Assistant Director, Audit &amp; Risk Management</b>
<b>Date of Meeting:</b>	<b>18<sup>th</sup> October 2023</b>
<b>Subject:</b>	<b>Internal Audit Update</b>
<b>Wards Affected:</b>	<b>All</b>

## **1. PURPOSE OF REPORT**

- 1.1 This report provides an update on the delivery of the internal audit work programme for 2023/24 together with a summary of the key findings from the work completed to date.

## **2. EXECUTIVE SUMMARY**

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS).
- 2.2 The Statement of Accounts for the year ending 31st March 2021 and 31<sup>st</sup> March 2022 remain in draft, ongoing discussions are taking place with council's External Auditors. Due to the adverse impact of providing for Equal Pay claims, the Council's Interim Director of Finance, the nominated Section 151 officer, issued a report under section 114(3) of the Local Government Act 1988. As a result, non-essential spend has ceased, and strict financial controls have been introduced. The impact of these issues and additional controls that have been introduced are being considered and changes will be made to the Internal Audit Plan. This will include undertaking checks to ensure that the new financial controls are complied with.
- 2.3 Between 1<sup>st</sup> April and 30<sup>th</sup> September 2023 62 final reports have been issued and 31% of the current plan completed to draft audit report stage. The key findings from our work are summarised in the attached report.
- 2.4 The baseline audit plan for 2023/24, developed following the completion of a risk assessment, was agreed by the Audit Committee at the March meeting. The audit plan is dynamic and will be reviewed and updated throughout the year, based on discussions, feedback received, emerging issues, and changing risks. An update on the baseline plan together with the status of review activities is also included.

2.5 The views of Audit Committee are important, any concerns flagged by Members will be fed into the planning process.
<b>3. RECOMMENDATIONS</b>  3.1 Members note the update, progress in delivering the 2023/24 internal audit programme, and the key findings arising from the work completed.  3.2 Members flag any emerging issues / risks for inclusion in the planning process.
<b>4. LEGAL AND RESOURCE IMPLICATIONS</b>  4.1 The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations 2015.  4.2 The Internal Audit service has complied with the requirements laid out in the Public Sector Internal Audit Standards.  4.3 The work is carried out within the approved budget.
<b>5. RISK MANAGEMENT &amp; EQUALITY ANALYSIS ISSUES</b>  5.1 Risk Management is an important part of the internal control framework, and an assessment of risk is a key factor in the determination of the Internal Audit plan.  5.2 Equality Analysis has been undertaken on all strategies, policies, functions, and services used within Birmingham Audit
<b>6. COMPLIANCE ISSUES</b>  6.1 Council policies, plans, and strategies have been complied with.

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# **Birmingham Audit Progress Report 1<sup>st</sup> April – 30<sup>th</sup> September 2023**

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**18<sup>th</sup> October 2023**

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**Appendix B: Update on Baseline 2023/24 Internal Audit Plan**

## **1. Background**

- 1.1 Internal Audit provides independent and objective assurance and advice. It helps the Council to achieve its objectives through a systematic approach to the evaluation of the overall systems of internal control.
- 1.2 Internal Audit activity is governed by the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. These standards seek to secure 'a professional, independent and objective internal audit' by setting out the Mission and definition of Internal Auditing, the core principles for professional practice, together with a Code of Ethics. Specific attribute and performance standards provide guidance on how internal auditing should be carried out and the function managed. Guidance on the interpretation of the Standards is set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Local Government Application Note.
- 1.3 The baseline audit plan for 2023/24, developed following the completion of a risk assessment, was agreed by the Audit Committee at the March meeting. The audit plan is dynamic and is reviewed and updated throughout the year, based on discussions, feedback received, emerging issues, and changing risks. Additionally the views of the Audit Committee are important, any concerns flagged by Members will be fed into the planning process.
- 1.4 This report provides an update to the Audit Committee on activity between 1<sup>st</sup> April to 31<sup>st</sup> August 2023. It summarises the key findings arising from the work to date and provides an update on the 2023/24 Internal Audit plan.

## **2. Significant Issues Impacting upon the Organisation**

- 2.1 For 2022/23 I was only able to provide a limited assurance on the system of internal controls. Our review of financial processes was constrained by system access issues and incomplete financial records following the implementation of the new ERP system. The Council was aware of the issues and established a stabilisation task force, escalation process, and governance structure to address the issues. The work to strengthen the Oracle system is ongoing.
- 2.2 The Statement of Accounts for the year ending 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022 are still in draft, ongoing discussions are taking place with the council's External Auditors on finalisation.

2.3 On 5<sup>th</sup> September 2023 the Council's Interim Director of Finance, the nominated Section 151 officer, issued a report under section 114(3) of the Local Government Act 1988 because:

- a) The Council is currently in a negative General Fund position. That is because of the cost of providing for Equal Pay claims, that the Council is now legally obligated to recognise, will result in exceeding the financial resources available to the Council. This means that spend due within that period exceeded the financial resources available to the Council in that same period.
- b) The Council has insufficient resources to meet that expenditure and the Council is not currently able to agree a solution that will allow suitable funding or financing to be obtained for this liability.

2.4 As the result of the issue of a Section 114 notice:

- a) Financial Controls have been established under a S151 Spend Control Board.
- b) The Council has held an Extraordinary Meeting of the Full Council and agreed the section 114 and recovery plan.

2.5 On the 21<sup>st</sup> September the Council's Interim Director of Finance issued a second section 114 notice. At the same time the City Solicitor and Monitoring Officer issued a section 5 notice under the Local Government and Housing Act 1989. The section 114 and section 5 notices were issued due the need to agree and implement a job evaluation programme.

2.6 The impact of these issues and additional controls that have been introduced are being considered and changes will be made to the Internal Audit Plan. This will include undertaking checks to ensure that the new financial controls are complied with.

### **3. Internal Audit – Process / Key Findings**

3.1 Prior to the commencement of an Internal Audit review an Audit Planning Memorandum (APM) is agreed with the relevant manager, this will usually be the Director, Assistant Director, or nominated Head of Service. The APM outlines the relevant risks together with the objective and scope of the audit. On completion of an audit assignment a draft report will be produced containing our findings and recommendations. This draft report is discussed and agreed with the relevant manager. Once a response to our recommendations is received, including responsible officers and target dates, a final report is issued.

3.2 Audit reports are given risk and assurance ratings to assist in the identification of the level of corporate importance:

Risk Ratings

1. Low (Green) - Non-material issues
2. Medium (Amber) - High importance to the business area the report relates to, requiring prompt management attention. Not of corporate significance
4. High (Red) - Matters which in our view are of high corporate importance, high financial materiality, significant reputation risk, likelihood of generating adverse media attention or of potential of interest to Members etc.

Assurance Ratings

Level 1: Controls evaluated are adequate, appropriate and are operating effectively to ensure that risks are being managed and objectives achieved.

Level 2: Some control weaknesses noted. However, generally the controls evaluated are adequate, appropriate, and effective.

Level 3: Control weaknesses of a significant nature, or the number of minor weaknesses noted was high. Management of risks and achievement of objectives is compromised

Level 4: Controls not adequate, appropriate, or effective. Risks not adequately managed and achievement of objectives unlikely

*Note: Follow up reports are only assigned a risk rating as the focus of the work is on the implementation of the agreed recommendations.*

- 3.3 Whilst management is responsible for ensuring that the actions agreed in response to our recommendations are implemented, progress and follow up reviews are undertaken to gain assurance that the agreed actions have been taken and the risk successfully mitigated. All high risk, together with relevant medium risk, reports are subject to follow up work. Progress reports are usually undertaken when all the target dates for implementation have not yet elapsed to confirm that work is being undertaken to implement the agreed actions by the target date. Follow up reviews are usually completed once all the target dates have elapsed to provide assurance that the agreed actions have been implemented and are effective in mitigating the risks identified.
- 3.4 Between April and the end September 2023 62 final reports (26 Audit Reports, 5 Progress Reports, 6 Follow up Reports, and 25 Schools Reports) were issued. A summary of the key findings arising from these reports is contained within Appendix A. 2 Audit reviews and 1 Follow up review were assigned a high-risk rating:

- **Home To School Transport – Strategic Review.** Our review identified that the current service delivery model is both unsustainable and unaffordable. The service needs to find ways to address demand and more affordable modes of transport, that can still meet children's needs. Management is aware of the issues with the current delivery model and are actively looking to address them through change programmes.

At the request of the Directorate, we undertook an early review to establish the level of progress being made in implementing the recommendations. This work has established that the service is making good progress and there is a real drive and commitment at all levels to deliver the changes required.

- **Equality and Cohesion Review of EIAs.** Although EIAs are being completed on an ongoing basis we do have concerns that over the completion timescales and pre-assessments. The challenge moving forward will be to bring about cultural change throughout to ensure that EIAs are 'everyone's business', and to develop a framework to be used consistently across all directorates that supports equalities being considered at all times and not only when an EIA needs to be completed.
- **Commissioning and Monitoring Arrangements – Day Six Provision.** Our follow up review established that whilst the commissioning arrangements with the existing supplier had ceased, eliminate our initial concerns with the commissioning of day 6 provision for permanently excluded pupils. No alternative arrangements were in place. Arrangements were being made to rectify this with additional places being commissioned from the City of Birmingham School, with further places expected to become available as year 11 pupils leave.

#### 4. Other work

4.1 In addition to the completion of audit review work is currently being undertaken to help and support management. Whilst this work does not ultimate result in the provision of assurance it is considered to key in supporting the organisation. A brief outline of this ongoing work is provided below:

- **Oracle:** At the request of the Assistant Director Digital and Technology Services / Chief Information Officer an examination of the processes supporting the go live decision making, across the areas encountering significant difficulties has been completed. An examination of the PAAS testing audit trail has also been completed on behalf of the Director Digital and Customer Services. We are continuing to attend silver and bronze task groups providing proactive advice and guidance. We are supporting the implementation of Oracle Risk Management Cloud Oracle to assist the ongoing review of segregation of duties and the implementation of proactive compliance testing
- **Pay compliance:** Providing ongoing support and data analysis to support the Council pay compliance group. Timesheet compliance testing is also being undertaken to ensure appropriate working practices are consistently adopted.
- **Grant Certification:** Grant certification certificates and fulfilling the First Level Controller role for a number of European Grants.
- **Data analysis:** Ongoing data analysis to support our work and directorate.

#### 5. Internal Audit Plan

5.1 An update on the baseline audit plan for 2023/24 is given in Appendix B, this includes details of any changes that have been made and the status of review activities.

5.2 The plan is based around key assurance areas to support the end of year opinion:



- Financial Core Systems
- Corporate Systems
- Strategic Risks
- Governance
- Regularity / Compliance
- Operational
- Schools
- Technical – IT / Information Governance
- Corporate Fraud
- Follow ups
- Ad-hoc / Contingency
- Risk Facilitation
- External Work
- Other Assurance

These areas represent aspects of the Council systems of Internal control that contribute to the opinion.

- 5.3 The focus of our work at the beginning of the year was in completing the reviews and finalising the reports brought forward from the 2022/23 audit plan and in planning the scope of new assignments. Ongoing discussions are taking place with Directorate contacts to agree the timings for each assignment. In planning our work, we remain vigilant to key risks and emerging issues. We work closely with Directorates to deliver work which aligns with their on-going priorities to ensure added value.
- 5.4 As at the end of September 2023 31% of the 2023/24 plan has been completed to draft report stage, this is just slightly below our 40% target.
- 5.5 The plan remains dynamic and under reviewed. The contingency / ad-hoc time but into the plan is being used to cover emerging issues and risks, see Appendix, any significant changes to the plan will be reported to the Committee.

### Summary of Key Issued from Report Finalised 1<sup>st</sup> April to 31st August 2023

**62 Final Audit Reports (26 Audit Reports, 5 Progress Reports, 6 Follow up Reports, and 25 Schools Reports)**

#### Audit Reviews

Month issued	Final Report	Risk Rating for Council	Assurance Level	Issues Identified
Apr-23	Home To School Transport – Strategic Review	High	Level 4	The current service delivery model is both unsustainable and unaffordable. The service needs to find ways to address demand and more affordable modes of transport, that can still meet children’s needs. Management is aware of the issues with the current delivery model and are actively looking to address them through change programmes.
July-23	Equality and Cohesion Detailed Review of EIAs	High	Level 3	Although EIAs are being completed on an ongoing basis we do have concerns that over the quality, completion timescales and pre-assessments. The challenge moving forward will be to bring about cultural change throughout to ensure that EIAs are ‘everyone’s business’, and to develop a framework to be used consistently across all directorates that supports equalities being considered at all times and not only when an EIA needs to be completed. Only one out of our sample could be considered best practice.
Apr-23	The Wellbeing Service	Medium	Level 3	Our testing identified that appropriate management arrangements have been established to monitor and manage those leisure facilities being operated by the Council’s Wellbeing Service. However, the fundamental issues with the Council’s Oracle finance system have significantly impacted on the ability of senior management to monitor the Service’s budget during the current financial year.
Apr-23	Accounts Payable - One Time Payments	Medium	Level 2	<p>The Oracle workflow for One Time Payments (OTP) was not working as intended. This issue was resolved during our audit.</p> <p>During this period payments were not routed to the designated Accounts Payable officers for compliance checking as they should have been. We are undertaking a data analysis exercise to provide assurance that this vulnerability has not been exploited.</p>

Month issued	Final Report	Risk Rating for Council	Assurance Level	Issues Identified
May-23	Homelessness - Accommodation Finding Team	Medium	Level 3	The Accommodation Finding Team (AFT) has now been functioning for 12 months, several areas have been identified where the effectiveness of processes, and accuracy of financial analysis can be strengthened. To date, there has not been a sufficient level of properties for the AFT to utilise, and secure lettings for families stuck in long term Temporary Accommodation. There is a need to document targets to assess performance against.
May-23	Grounds Maintenance - Performance Reporting	Medium	Level 3	Our review has identified that there are a number of issues with the adequacy of current performance reporting processes for Grounds Maintenance, and a lack of assurance to confirm that recorded data fully reflects actual performance.
May-23	Acivico - Reactive Maintenance	Medium	Level 3	Our audit has identified contract and service delivery management improvement areas. Key Performance Indicators (KPIs) and priority levels have not been reviewed.
May-23	Direct Payments - Effectiveness of Qualitative Measures	Medium	Level 2	Sample testing of Direct Payment reviews identified improvement and more consistency in the completion of assessments and the recording of information on Eclipse. However, we still identified the need to demonstrate that the Direct Payment funded package of care is still meeting the citizens assessed outcomes.
Jul-23	Carer Support Pathway	Medium	Level 3	The testing completed indicates that the requirements of the CQC draft framework considered during this audit would be partially met. Reasons for this evaluation include that, whilst legal and best practice guidelines are embedded in processes and procedures, we cannot provide assurance that these are being consistently adhered to.
Jul-23	Disabled Facilities Grant (DFG) - Stage Report	Medium	Level 3	Whilst we identified that the current processes and procedures for discretionary "Discharge Assistance" - "Independent and Safe Assistance" are complied with, these need to be updated as the current arrangements do not reflect that discretionary assistance funding should be progressed to achieve the required aim/impact.
Jul-23	Assessment and Support Planning - Consistency of Decision Making	Medium	Level 2	Whilst we identified differences in processes across teams/services there was little evidence to demonstrate that these differences are negatively impacting on the citizen. Although they would limit resource flexibility and operability between teams. Overall teams/services were found to be compliant with the processes and all are completing the Eclipse Commissioning of Care Budget Application (request) and Approval (decisions) forms.

Month issued	Final Report	Risk Rating for Council	Assurance Level	Issues Identified
Aug-23	Transitions and Preparation for Adulthood Service	Medium	Level 3	We identified delays in the progression of packages of care/provision of support for young people. Whilst overall, the Transitions and Preparation for Adulthood Service procedures and social care assessment processes are being followed, there was a need to strengthen cases progression monitoring.
Aug-23	Manned Security Services - Contract Management	Medium	Level 3	A number of areas of improvement around governance, contract performance and financial monitoring were identified. Framework Agreements are more administratively complex than contracts for services, with specific legal requirements to be considered in how they are managed. However, the Security Services Manager is not an experienced contract manager/procurement officer and was not aware of these requirements.
Sept-23	Directorate Compliance - Corporate DBS Processes	Medium	Level 3	The Children & Families Directorate is working hard to become fully compliant with the corporate DBS policy. Both staff and managers are aware of the importance of the DBS checking processes and have been pro-active as part of this review, to constructively challenge processes to help improve them. There is a drive within the directorate, particularly within the senior leadership team (SLT) to become fully compliant but also be “best in class” in this area. There is a need to continue this progress and ensure that all staff register for the update service.
Apr-23	Capital Project - Tame Valley Viaduct Strengthening Works	Low	Level 2	Appropriate project governance arrangements are in place. There is a Project Board that meets on a monthly basis, and regular progress reports are produced. The Highways Services Manager produces a monthly Highlight Report for the Council’s Capital Board. Corporate Procurement Service (CPS) are working to resolve the contract issue and ensure that invoices are raised on a prompt basis. Overall, the arrangements for managing risk are appropriate, but mitigating measures were not detailed in the current project risk register.
May-23	Resilience	Low	Level 2	The overarching management of Emergency Planning and Business Continuity are being well managed. However, we did identify some issues relating to the completeness of the priority service list (included within the Corporate Business Continuity Plan), and consistent recording of review, approval and issue dates on individual corporate policies and procedures.
May-23	Highbury Hall	Low	Level 2	Although a decision was made to make Highbury Hall a cashless venue wherever possible, due to the nature of the site cash income does continue to be taken. Whilst

Month issued	Final Report	Risk Rating for Council	Assurance Level	Issues Identified
				the income received has been in the main adequately recorded, and banked, there was a need to improve reconciliations.
May-23	Logotech - Treasury Management	Low	Level 2	Logotech is a hosted solution operated as a 'Shadow IT' service whereby the application is managed by the Treasury Management Team, with support from the supplier via a support and maintenance agreement. The system has been in operation for several years with no significant concerns or issues; however, improvements could be made to the management controls to increase security and better prepare for any incidents.
May-23	Air Quality	Low	Level 2	Testing confirmed that the Council is fulfilling its statutory requirements for monitoring and reporting on air quality in Birmingham. The Environmental Protection Officer obtains an annual update on the key actions contained within the AQAP from the various responsible officers across the Council, which are then included in the ASR submitted to DEFRA. However, no further in year monitoring is undertaken by the Environmental Protection Team to help ensure that the AQAP's key actions are being appropriately progressed / achieved.
Jun-23	Environmental Health	Low	Level 3	We were able to confirm that the expected processes are being delivered by Environmental Health, including statutory responsibilities in relation to food hygiene inspections. However, there were also areas where there is a need to strengthen oversight and planning.
Aug-23	Schools HR/Payroll - Starters and Leavers	Low	Level 2	Our testing identified that new starters and leavers for school employees had all the required documents and checks carried out to support the recruitment and leaving process. School employees had been enrolled into the appropriate pension scheme, on the correct grade and spinal point. However, we found that some of the required documentation was not available in the employee Document of Records (DoR) at the time of the review. These documents have since been located and obtained from the schools and filed
Aug-23	Payroll - Corporate and Schools Overpayments	Low	Level 2	The Oracle reporting process for capturing payroll overpayments has only been in place since January 2023. From April 2022 to December 2022 the reports were not available. During this period overpayments were only captured as they were identified via pre payroll reports or when notified by the employee. Payroll

Month issued	Final Report	Risk Rating for Council	Assurance Level	Issues Identified
				overpayments for current employees (including school's) are now being captured and investigated via the monthly reports, with recovery arrangements being put in place. There is a need for the checks to be completed for the period when the Oracle reporting was not available. Corporate payroll have recently acquired an additional resource to assist with the completion of this task.
Aug-23	NEC RBIS - IT Audit	Low	Level 2	We identified that RBIS continues to be managed and maintained within its established management framework. There are however areas where improvements can be made particularly to strengthen access security and to achieve compliance with the DWP's Baseline Personnel Security Standard (BPSS). Consequently, this limits the level of assurance that we can provide.
Sept-23	Accounts Receivable - Creation of Customer Records	Low	Level 2	Sales Order Processors within Directorates are responsible for the creation of new Business Partners (BP) / Customers. In order, to ensure efficient debt recovery can take place it is important that customer details e.g. email address, telephone number etc, are captured fully and correctly. Our analysis identified that the data held for 78.20% (17,316) of customers is missing key fields. These inaccuracy could have a detrimental impact on debt recovery and the ability to make contact with customers.
Sept-23	Third Party Framework Agreements	Low	Level 2	When planning the procurement of goods, services or works, one of the options for consideration is to award a contract using another organisation's compliant framework agreement. Compliant framework agreements are established in line with Public Contracts Regulations (PCR) 2015 through competitive tender. Our audit has identified that overall, third party framework agreements are used appropriately, in line with procurement legislation and Council rules.
Sept-23	Civica Pay	Low	Level 2	Civica Pay is a cloud-based payments and income management solution and offers a wide range of payment options allowing customers to self-service and set up reoccurring payments. Management of the application, access controls, resources and maintenance are effective but there could be improvements to the Oracle reconciliations, user reviews, and business continuity arrangements.

Month issued	Final Report	Original Report Risk Rating	Status	Issues Identified
Apr-23	Day Centre Progress Review	High	Progressing Recommendations	Actions are being undertaken to progress the implementation of the recommendations in our report. Whilst there has been some progress, there is more work to complete, particularly in relation to Team Manager checks, Financial Handover forms and Comforts Funds.
Jun-23	Home To School Transport – Strategic Review, Early Progress Review	High	Progressing Recommendations	The Directorate requested we undertake this early review to establish the level of progress being made in implementing the recommendations. Our work has established that the service is making good progress and there is a real drive and commitment at all levels to deliver the changes required. The service has introduced a number of strategic changes, which when fully implemented will deliver a more child centric and sustainable service but even at this early stage, these are improving and strengthening the service.
Apr-23	Assessment and Support Planning EICT	Medium	Progressing Recommendations	Progress has been made towards implementing our recommendations. It is acknowledged that progression of many of the recommendations, including application of the ‘3 conversations’ process, is complicated by the need to ensure the multi-disciplinary approach is providing the most appropriate long-term service to the citizen.
Apr-23	Placements -Supported Living	Medium	Progressing Recommendations	Good progress has been made towards implementing our recommendations. There are several ongoing actions which once completed will assist with the implementation. These include completing the review of Supported Living cases, implementing planned changes to Eclipse forms and finalising, approving, and issuing the draft procedures.
May-23	IT Applications - JADU Progress Review	Medium	Progressing Recommendations	There have been improvements, with several recommendations implemented. A feature request has been raised with JADU to implement the Council’s Corporate Retention Schedule, but this remains outstanding.

## Follow-up Reports

Month issued	Final Report	Original Risk Rating	Revised Risk Rating	Issues Identified
Apr-23	Commissioning and Monitoring Arrangements – Day Six Provision	High	High	The primary concern from the previous audit was that there were significant weaknesses in the arrangements for commissioning day 6 provision for permanently excluded pupils. These arrangements have now been ceased. As such, the majority of recommendations are no longer applicable. However, no alternative arrangements were in place. Arrangements were being made to rectify this with additional places being commissioned from the City of Birmingham School, and with further places expected to become available as year 11 pupils leave.
Jun-23	One Time payments and Request for Payments	Medium	Low	Our recommendations have been implemented strengthening the process of OTPs and RFPs. Further detailed audit analysis work is taking place to provide assurance that the weakness has not been exploited. This will be reported upon separately.
Jun-23	NNDR Charity Relief - Mandatory and Discretionary	Medium	Low	Our recommendations have been implemented as agreed. Mandatory and Discretionary reliefs awarded now have a review date set. The Mandatory procedure has been reviewed and updated, and a Discretionary procedure devised. Both procedures are available in the Revenues and Benefits Procedures Guide in their SharePoint repository.
Aug-23	DM 360	Medium	Low	The document management 360 Housing system is now live, with the second phase of the project closing in April 2023.
Aug-23	Information Governance	Medium	Medium	Progress has been made towards implementing the recommendations made in our previous Information Governance reports. However, a number of actions remain outstanding, notably progress in strengthening Information Asset Registers have been limited due to the iServer project being abandoned and a new solution using Microsoft Purview being explored.
Sept-23	Engagement of Consultants and Interims	High	Low	In our previous follow-up audit we reported that a Task and Finish Group had been established to review, streamline, and improve the process for engaging consultants and interims, and this would include ensuring that the previous recommendations were implemented. Since that audit, there has been considerable progress. Revised guidance on engaging consultants and interims has been published on the intranet, and the new process is part automated through the completion of an online request form.





**Internal Audit Plan 2023/24 - Status**

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	<b>Financial Assurance</b>					
	Accounts Payable/Payment Activities (Oracle Processes)	50	10	60		Robust controls are in place for all payment activities
	- One Time Payments and Request for Payments				Final Report Issued	B/F 2022/23 plan
	- CHAPS Payments				In Progress	
	- Data Analysis - One Time Payments				Complete	
	- Key Reporting				In Progress	
	- Statutory Requirements / Submissions				In Progress	
	- Supplier master Data Management				Work Programme produced	
	- Capture - forensic tool				Planning	
	- Proactive Data Analysis - Key Controls				Draft Report	
Financial Core System	Accounts Receivable (Oracle Processes)	50	(10)	40		Monies owed for services rendered are received promptly and debts appropriately and timely progressed.
	- Creation of Customer records				Final Report Issued	B/F 2022/23 plan
	- Non-Invoiced Income Highbury Hall				Final Report Issued	B/F 2022/23 plan
	- Management of Adult Social Care Debts				Draft Report Issued	
	- Raising Invoices - Quality and Accuracy (inc. Interface Files)				In Progress	
	- Debt Recovery				Planning	
Financial Core System	Annual Audit Letter	5		5	Planning	Issues raised within the External Auditors Annual Audit Letter are monitored and actioned.

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Financial Core System	Asset Management - Fixed Assets	50		50		Fixed assets are accounted for correctly.
	- Capital Receipts – Pooling				Draft Report Issued	B/F 2022/23 plan
	- Commercial Portfolio – Income Generation				Planning	
	- Non-Treasury Investments				In Progress	
Financial Core System	Benefits Service	50		50		Applications are validated in a timely manner and paid accordingly. Accounts are subject to regular review.
	- Atlas Changes - CTS Claims				Planning	
	- Management of Non-Dependants				In Progress	
	- Overpayments				Planning	
	- Documented Procedures				Planning	
Financial Core System	Corporate Payroll (Oracle Processes)	20		20		Pay is accurately calculated, accounted for, and received by staff on timely basis.
	- Starters and Leavers Non Schools				In Progress	B/F 2022/23 plan
	- Starters and Leavers Schools				Final Report issued	B/F 2022/23 plan
	- Overpayments				Final Report Issued	B/F 2022/23 plan
	- Payroll Data Entry and Calculation Reconciliations				Work Programme Produced	
Corporate / Financial Core System	Compliance with HR Policies (including Oracle Processes)	30		30		Human Resources policies and procedures are complied with and correctly reflected on payroll where appropriate.
	- Injury Allowance				In Progress	
	- Hays Pre employment Checks Compliance				APM Issued	
	- Acting Up Pay				Draft Report Issued	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Financial Core System	Council Tax	30		30		Council Tax payments, less valid deductions, are paid in a timely manner and prompt recovery of outstanding debts take place. All accounts are subject to regular review and monitoring.
	- Recovery and Enforcement Levels				Planning	
	- Exemptions and Discounts				Planning	
Financial Core System	NNDR	30		30		Business Rate payments, less valid deductions, are paid in a timely manner and prompt recovery of outstanding debts takes place. All accounts are subject to regular review and monitoring
	- Recovery and Enforcement Levels				Planning	
	- Suppressions				Planning	
Financial Core System	Financial Management – Control (Oracle Processes)	50		50		Robust financial controls are in place.
	- Financial Controls Review				Planning	
	- Cash Management				Planning	
	- Savings Plans				Planning	
Financial Core system	Treasury Management	20		20	In Progress	The Treasury Management Strategy and Policy is complied with, and treasury processes appropriately controlled.
Financial Core System	Procurement and Contracts	140		140		Procurement and contract requirements are complied with.
	- Capital project – Tame Valley Viaduct Strengthening Works				Final Report Issued	B/F 2022/23 plan
	- Ladywood Regeneration Project (Competitive Dialogue)				In Progress	
	- Third Party Framework Agreements				Final Report Issued	
	- Waivers Procedure				In Progress	
	- Breach Procedure				In Progress	
	- Combined Heating and Power Scheme				In Progress	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Manned Security – Contract Management				Final Issued	
	- Capital Contract – Open Book Arrangements				Planning	
Financial Core System	Rent Collection & Charges	25		25		Rent monies owed are collected and early intervention takes place for the recovery of debts.
	- Overall Debt Management				Planning	
	- Management of Credits Balances and Refund requests				Planning	
Financial Core System	Direct Payments	20		20		Direct payments are correctly assessed and paid.
	- Effectiveness of qualitative measures				Final Report Issued	B/F 2022/23 plan
	- Direct Payments				Planning	
Financial Core System	Oracle IT - Controls / Security (Oracle Processes)	30	53	83		Adequate arrangements in place to ensure the effective and secure management of the Oracle Fusion system. Provision of ongoing support.
	- Customisations PaaS				Complete	
	- General IT Controls				Planning	
	- BCC Stabilisation Planning Workshop				In Progress	
	- Go Live Testing - Commercial Support				In Progress	
	- Segregation of Duties				Planning	
	- Oracle Education Workshop				In progress	
	- Commercial Support				In Progress	
	- Oracle Risk Management Cloud				In Progress	
	<b>Subtotal</b>	<b>600</b>	<b>53</b>	<b>653</b>		
	<b>Adults Social Care</b>					
Operational / Regularity / Strategic Risk	Commissioning	15		15		Adequate arrangements are in place in respect of the care providers contract framework.

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Commissioning				Final Report	B/F 2022/23 plan
	- Regulated Care				APM Issued	
Operational / Regularity / Strategic Risk	Discharge to Assess	20	(4)	16		Effectiveness of discharge and assessment arrangements to support citizens when they leave hospital.
	- Stage 3: Non-Front Runner Procedures				Cancelled	Following discussions with Assistant Director Adults Social Care identified that Hospital processes being independently reviewed as part of Health lead review. Cancelled to avoid duplication, assurance to be sought from independent review.
	- Compliance with Process and Procedures				Planning	
Operational / Regularity / Corporate	Day Centres	15		15	Planning	Robust procedures are in place and have been implemented to ensure appropriate governance arrangements are in place for the management of Day Centres.
Operational / Regularity	Disabled Facilities Grant (DFG)	20		20		Disabled Facilities Grants are correctly awarded and robust arrangements in place to manage the completion of adaptations.
	- Compliance with procedures for discretionary "Discharge Assistance"				Final Issued	B/F 2022/23 plan
	- Procurement				Planning	
	- Compliance with New Procedures				Planning	
Corporate	Refugee and migration	20		20	Planning	Commissioning of services and contract management arrangements are robust.
Operational / Regularity / Strategic Risk	Transition to Adulthood	20		20	Final Issued	Effective arrangements are in place to support the transition of young people transitioning to adulthood.
Corporate / Strategic Risk	Liberty Protection Standard/Deprivation of Liberty Safeguards	15		15	Planning	Referrals for and assessments of Deprivation of Liberty Safeguards are being robustly and effectively completed.
Operational / Regularity	Funeral Service and Property Service	15		15	In Progress	Management and financial arrangements in place for the Funeral Service and the Property Service are adequate and effective.

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Strategic Risk	Assessment & Support Planning/Placements	20	4	24		Robust procedures and arrangements are in place for the assessment of packages of care.
	- Consistency of Decision Making				Final Report	B/F 2022/23 plan
	- Shared Lives				In Progress	
	<b>Subtotal</b>	<b>160</b>	<b>0</b>	<b>160</b>		
	<b>Children and Families</b>					
Corporate	Home to School Transport	25		25		Robust controls are in place to manage the Home to School Service.
	- Strategic Review				Final Report Issued	B/F 2022/23 plan
	- Home to School Transport				Planning	
Corporate	SEND Ofsted Improvement Plan	10		10	Planning	The SEND Ofsted Improvement Plan is robustly monitored and managed.
Operational / Regularity	Admissions and Appeals	15		15	Planning	Admissions and appeals are carried out in accordance the Government Code of Practice.
Operational / Regularity / Strategic Risk	Directorate Transformation Programme - Governance controls and delivery	25		25	Planning	Strong governance controls are in place to manage, monitor and deliver the Directorate's Transformation Programme.
Operational / Regularity	Responding to the Challenge of Improving Financial Management in Schools	15	(5)	10	Planning	Local Authority controlled schools are robustly managing their budgets, and the Local Authority has controls assurance in place.
Strategic Risk	Safeguarding	30		30		Robust corporate safeguarding processes are in place.
	- Directorate Compliance - Corporate DBS Process				Final Report Issued	B/F 2022/23 plan
	- Corporate Overview				Planning	
Corporate	SEND - Sufficiency Strategy	15		15		There is a robust strategy to provide sustainable SEND services.
	- Sufficiency Strategy Early Progress Review				Planning	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Sufficiency Strategy Assessment				Planning	
Operational / Regularity	Elective Home Education	10		10	Planning	Home Educated Children are safe and receive an appropriate education.
Operational / Regularity	Directorate Commissioning & Contract Management	20		20	Planning	Contract management within the Directorate is effective.
Operational / Regularity	Family Hubs	15		15	Planning	Robust controls over the management and delivery of the programme's expectations.
Operational / Regularity	Contract Monitoring - Birmingham Children's Trust (BCT)	20		20	In Progress	Provide assurance that sufficient controls are in place to monitor and control the work of the BCT.
Operational / Regularity	Early Years Health & Well-being	15	(4)	11	Planning	The EYH&WB Contract is being robustly managed and delivering the services intended.
Operational / Regularity	Children not in Education	20		20	Planning	Children not in education are safe, accounted for and receive an education.
Operational / Regularity	Directorate Complaint Processes	15		15	APM Issued	Robust complaints processes are in place.
Operational / Regularity	School Exclusions	20		20	Planning	The Local Authority monitor school exclusions.
Operational / Regularity	Directorate Business Intelligence Function	15		15	Planning	The Business Intelligence function is delivering its service objectives.
Corporate	Safeguarding & Development - BCSB	20		20		Support the work of the BCSB and provide assurance over safeguarding arrangements.
	- Regional Section 11 Review				In Progress	
	- Right Help Right Time				Final Issued	
Schools	School Visits	540		540		Undertake a programme of school visits to provide assurance on finance and governance arrangements.
	<b>Subtotal</b>	<b>845</b>	<b>(9)</b>	<b>836</b>		
	<b>City Housing</b>					
Operational / Regularity	Tenancy Management Services	20		20	In Progress	Tenant Management arrangements are effective.



Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Strategic Risk	Homelessness	35		35		Focus will be on Temporary Accommodation Finance Management and the arrangements for responding to Ombudsman Homelessness cases.
	- Accommodation Finding Team				Final Report Issued	B/F 2022/23 plan
	- Temporary Accommodation Finance				Draft Report	
	- Local Government Ombudsman - Homelessness Cases				In Progress	
Strategic Risk	Stock Condition Data	20		20	Planning	Appropriate arrangements have been established to assess the condition of the City's housing stock.
Operational / Regularity	Response to City Housing Self-Assessment	15		15	Planning	Self-assessment has been robustly completed, and for issues identified, appropriate action has been taken.
Operational / Regularity / Strategic Risk (funded by HRA)	Repairs	150		150		Support for ongoing Whistleblowing allegations and provide assurance over service delivery processes and procedures
	- Responsive Repairs - Voids - Gas R&M				In progress	
	- Job bookings and planning				Planning	
	- Ongoing response				Ongoing	
	<b>Subtotal</b>	<b>240</b>	<b>0</b>	<b>240</b>		
	<b>City Operations</b>					
Corporate	Waste Management	25	-10	15	Planning	Arrangements and procedures for delivering an effective waste management service.
Operational / Regularity	Enforcement - Litter and Fly Tipping	10	10	20	APM Issued	Effectiveness of litter and fly tipping enforcement procedures.
Corporate	Resilience				Final Report issued	B/F 2022/23 plan
Operational / Regularity	Environmental Health				Final Report issued	B/F 2022/23 plan

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Operational / Regularity	Grounds Maintenance - Performance Reporting				Final Report Issued	B/F 2022/23 plan
Operational / Regularity	The Wellbeing Service				Final Report Issued	B/F 2022/23 plan
	<b>Subtotal</b>	<b>35</b>	<b>0</b>	<b>35</b>		
	<b>Council Management</b>					
Operational / Regularity	Acivico Contract Monitoring	20		20	Planning	Contract monitoring is robust.
	- Reactive Maintenance				Final Report Issued	B/F 2022/23 plan
	- Contract Monitoring				Planning	
Operational / Regularity	Accountable Body	30		30	Planning	Discharge of accountable body responsibilities.
Governance	Ethics	10		10	Planning	Robust of ethical arrangements to support an honest and fair organisation.
Governance	Risk Management	10		10	Planning	Verify that the risk management framework is appropriate and being implemented across the organisation.
Governance	Governance	20		20	Planning	Robustness of governance arrangements.
Governance	Self-Assessment – Annual Good Governance Statement (AGS) Process	10		10	Planning	Appropriate arrangements are in place to produce a supportable AGS.
Technical	IT Policies	20		20	APM Issued	The Council's IT policy framework is adequate and there is suitable programme in place to review and updated policies and monitor compliance.
Technical	IT Project Governance	15		15	Planning	Robust IT project governance is in place to ensure that projects are delivered on time, within budget and to the required standards.
Technical / Strategic Risk	Information Governance	20		20	Planning	Adequate security and controls are in place to ensure compliance with The General Data Protection Regulations (GDPR) obligations.

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Technical	Digital Strategy	20		20	Planning	The key themes of the strategy are being delivered in line with the stated outcomes of the ICTD Strategy implementation plan, and key milestones are being achieved.
Technical	IT Applications	30		30		Adequate arrangements in place to ensure the effective and secure management of the applications.
	- Treasury Management				Final Report Issued	B/F 2022/23 plan
	- CIVICA Pay				Final Report Issued	B/F 2022/23 plan
	- RBIS				In Progress	B/F 2022/23 plan
	- PCI				Draft Report Issued	B/F 2022/23 plan
Technical / Strategic Risk	Cyber Risks	20		20		Adequate security and cyber security controls are in place.
	- Ongoing Engagement				Ongoing	
	- Schools Cyber Security				APM Issued	
Technical	IT / Digital Projects	40	(40)	0		Effective project governance and management arrangements are in place to support the implementation of individual projects.
	<b>Subtotal</b>	<b>265</b>	<b>(40)</b>	<b>225</b>		
	<b>Place, Prosperity and Sustainability</b>					
	Enterprise Zones	20		20	Planning	Adequate management arrangements in place for the EZ programme.
Strategic Risk	Clean Air	10	2	12		Adequate arrangements / strategies are in place to ensure the council / city will achieve net zero carbon by 2030.
	- Air Quality - Climate				Final Report Issued	B/F 2022/23 plan
	- Clean Air Zone				In Progress	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Strategic Risk	Housing Development	15		15	APM Issued	Verify that effective arrangements have been established to develop and improve housing across the city.
Operational / Regularity	Planning Applications	20		20	Planning	Planning applications are controlled and processes in line with statutory guidelines.
	<b>Subtotal</b>	<b>65</b>	<b>2</b>	<b>67</b>		
	<b>Strategy, Equalities and Partnerships</b>					
Corporate	Cost of Living programme	15		15	Work Programme	Effective support arrangements are being implemented.
Strategic Risk	Public Health	30		30		Delivery of NICE requirements. Effectiveness of finance and operations.
	- Adherence to NICE guidelines NG44				In Progress	
	- Financial Management of grant allocations for non-recurrent external funding				In Progress	
	- Recruitment Practice – Compliance with Corporate Requirements and Processes				Work Programme	
Strategic Risk	Equality and Cohesion - Detailed Review of EINAs				Final Issued	B/F 2022/23 plan
	<b>Subtotal</b>	<b>45</b>	<b>0</b>	<b>45</b>		
	<b>Fraud / Irregularities</b>					
Counter Fraud	Investigations	350		350		Reactive fraud investigation
Counter Fraud	Awareness	150		150		Targeted training and anti-fraud awareness
Counter Fraud	Proactive / compliance	200		200		Proactive antifraud / compliance reviews
	<b>Subtotal</b>	<b>700</b>	<b>0</b>	<b>700</b>		
	<b>Chargeable</b>					
External	Work for Acivico	40		40		External work.
External	Grant Certification / chargeable work	80		80		External work.
	- GBSLEP Growth Hub Grant Certification				Complete	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Troubled Families April 2023 PBR Claim				In progress	
	- Bordesley Green East				Complete	
	- Family Funds Grant				Complete	
	- Troubled Families June 2023 PBR Claim				Complete	
	- Regional Investigations Team Grant Certification				In Progress	
	- Operation Beorma Grant Certification				In Progress	
	<b>Subtotal</b>	<b>120</b>	<b>0</b>	<b>120</b>		
Risk Facilitation	Risk Management Facilitation	50		50		Facilitation of risk management and the strategic risk register.
Ad-hoc / contingency / Other Assurance	Partnering / Insight / Contingency	470	(8)	462		Partnering / insight / contingency. <b>8 days moved to Oracle.</b>
	- Ad-hoc Work - Clean Air Zone Management of Charges - Decision Making Process				Complete	
	- DBS Checks: Assisting with Implementation of KPMG Recommendations				In Progress	
	- HTST Safeguarding Steering Group				In Progress	
	- SEND Ofsted Improvement Plan On-going Monitoring				In Progress	
	- Early Intervention Community Team - Stage Two Review				In Progress	
	- Public Health - COMF Funding 22-23				Complete	
	- Public Health - COMF Funding 23-24				Planning	
	- Ad-hoc Work Queries Advice to Client - Queries Taking Under Half a Day				Ongoing	
	- Ad-hoc Work - ENAs				Complete	
	- Youth Service Recruitment Processes				APM Issued	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Family Group Conferencing Team				In Progress	
	- WMS Service Delivery Monitoring				Ongoing	
	- Ad-hoc Work - Banking Briefing Note				Draft Issued	
	- Ad-hoc - City Housing: Procuring Temporary Accommodation Project				In Progress	
	- Children and Families - Developing Local Provision					
	- Leadership Forum					
	- Recruitment Agencies and 3rd Party Suppliers					
Follow up	Follow up work	175		175		Follow ups – verify progress and implementation of agreed recommendations
	- Assessment & Support Planning				Final Report Issued	B/F 2022/23 plan
	- Day Centres				Final Report Issued	B/F 2022/23 plan
	- IT Applications JADU				Final Report Issued	B/F 2022/23 plan
	- Placements - Supported Living				Final Report Issued	B/F 2022/23 plan
	- Commissioning and Monitoring Arrangements – Day Six Provision				Final Report Issued	B/F 2022/23 plan
	- Accounts Payable - One Time Payments and Request for Payments				Final Report Issued.	
	- Waste Management – Performance Reporting				Work Programme Produced	
	- NNDR Charity Relief – Mandatory & Discretionary				Final Report Issued	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Engagement of Consultants-Interims				Final Report Issued	
	- Placements – Discharge to Assess				Work Programme Produced	
	- Fleet Services – External Review				Work Programme Produced	
	- Enablement and Home Care				Work Programme Produced	
	- HTST - Early Progress Review				Final Report Issued	
	- Day Centres				Planning	
	- BACS				Planning	
	- Document Management 360				Final Report Issued	
	- Information Governance				Final Report Issued	
	- General Data Protection Regulation (GDPR) Compliance E&S				In Progress	
	- General Data Protection Regulation (GDPR) Compliance City Operations				In Progress	
	- Data Breach Travel Assist				In Progress	
	- General Data Protection Regulation (GDPR) Compliance City Housing				Draft Report	
	- GDPR compliance - Adult Social Care				Work Programme	
	- IT Asset and Configuration Management				Planning	
	- IT procurement				In Progress	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Logotech - Treasury Management				Planning	
	- IT Governance				Planning	
	- Impulse				In Progress	
	- MAPPS				Planning	
	- IT Operations				In Progress	
	- IT Projects - Home to School Transport 365				Planning	
	- IT Applications JADU				Planning	
	- Carers Support Pathway First Progress Review				Work Programme	
	- Implementation of Corporate DBS Policy				Work Programme	
	- Transitions and Preparation for Adulthood Service First Progress Review				Work Programme	
	- Non School Properties on Education Land				Work Programme	
Other Assurance	Data Analysis	200		200		Data analysis / data driven assurance
	City Initiatives / Information Requests	20		20		Corporate initiative / responding to information requests
	<b>Subtotal</b>	<b>915</b>	<b>(6)</b>	<b>909</b>		
	<b>Grand total</b>	<b>3990</b>	<b>0</b>	<b>3990</b>		