


**Internal
Audit**

**Committee
Summaries**



Management of Capital Projects

Management of Capital Projects				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	0	0
<i>See Appendix A for Rating Definitions</i>				
<p>The control framework in place within the Design and Construction team to manage capital projects is adequately designed and effectively operated. Capital projects are assigned a project manager to oversee the delivery of each project from initiation to completion. The Programme and Project Management System (PPMS) is used to record and monitor the progress of projects in terms of timescales, finance, resources, completion status, issues affecting delivery and information for reporting to senior management on a monthly basis. Documentation is retained on the council's network folder in support of the project, the stages of completion and any related decisions. For example, design plans, contracts, design team meeting and contractor meeting minutes, and related correspondence. Senior management receive a report each month sourced from PPMS data that details all ongoing projects including their completion and financial status, and the latest view from the project manager on project progress. Projects that are having delivery, cost or quality issues are identifiable to senior management for challenge or follow up via this information and the project's colour coded risk status.</p>				

Background

This audit has been undertaken in accordance with the 2022/23 Internal Audit Plan as approved by the Audit & Governance Committee. The audit has been conducted in conformance with the Public Sector Internal Audit Standards.

Context

Full council approve a three-year capital programme annually that details the delivery programme by service area block. The current programme for 2022/23 to 2024/25 was approved by members at the full council meeting on 17 February 2022. The council's design and construction team are responsible for overseeing the management of property and highways capital projects from design to delivery. For each, a project manager is allocated to undertake this role.

Since July 2016, the Programme and Project Management System (PPMS) has been used to record and monitor the progress of capital programme projects. PPMS is an online system designed to provide a 'single, unified and fit for purpose tool' to standardise how council projects are managed to improve project control and reporting.

Financial information

Management of Capital Projects


As at 31 May 2022, there were 532 highways and property projects ongoing that were being reported to the Head of Design and Construction. The total budget for these projects was £156m. This audit has focused on projects that are in the final stages. Of the 532, there were 118 such projects with a total budget over £62m.

Scope of Audit


In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas detailed in the table below.



Area of Coverage	Commentary	Assessment
Responsibility for managing the project	<p>All 532 projects recorded on a 31 May 2022 management report as an ongoing project had been allocated a project manager.</p> <p>In line with guidance available on the Intranet and information held on PPMS, the project manager reported to a capital programme manager and a head of service and was responsible for supervising the delivery of each capital project. Specifically, its development, design and construction to ensure it is delivered on time and within budget. This included dealing with contractors, updating PPMS and maintaining the required documentation in support of the project. Our analysis of information in PPMS for the two projects reviewed confirmed the above in practice.</p> <p>Also that the project manager was supported by other officers within Design and Construction in undertaking the role. In particular, around stage changes, budget allocation requests to finance and report revisions.</p>	●
Project delivery	<p>Each capital project was managed from initiation to completion by a project manager to achieve delivery. Guidance was available on the Intranet detailing the process to follow, the role of PPMS, the data to be entered and information and documentation to be retained. For each of the projects reviewed, the following was evident:</p> <ul style="list-style-type: none"> • A process document was used to record the design and construction phases to be completed during the project. For the projects reviewed this was a 'design and construction process document ' detailing the steps to be followed. For demolition projects a 'Project Quality Plan' had been completed; • Specific dedicated network folders had been set up for each project to retain key documentation and information that includes but is not limited to, design drawings, contract documents, design team and contractor meeting minutes, health and safety information, and other key project information. • A budget approved by the Commissioning Team and programme manager had been allocated to the project within PPMS by a member of the Capital Grants Team in Finance. As the projects progressed, amendments to the original budget had been proposed by the programme or project manager and approved in PPMS by the Capital Grants Team; • Data required in PPMS for the Work Breakdown Structures (WBS) and Gantt chart planning functions was entered and periodically updated for each of the project stages started and completed. • Actual labour hours had been entered in to PPMS on a regular basis to ensure the budget remaining figure and the project fee billing process accurately took into account spend to date; • Project manager comments had been updated in the system on a regular basis; • PPMS automatically generated a percentage completed figure based on the data input to the system by the project manager, programme manager and support team. 	●

Management of Capital Projects



Reporting to senior management	<p>The Head of Design and Construction and his senior managers received a monthly progress report on all capital projects managed by their service. The data within the report extracted from PPMS included:</p> <ul style="list-style-type: none">• The assigned project manager;• The project type (highways or property);• Start and end dates; • Percentage complete;• The stage the project was at and RAG (red, amber, green) risk status;• Comment from the project manager on the latest position; and• Budget approved, forecasted and actual spend to date. <p>Project managers were reminded each month to ensure the data in PPMS was up to date and to provide a comment for the report to be run for the senior managers.</p>	
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Corporate Parenting Strategy

Corporate Parenting Strategy				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	2	2
<i>See Appendix A for Rating Definitions</i>				
<p>The Corporate Parenting Strategy 2022-2026 (the Strategy) provides a set of priorities and objectives based on the corporate parenting principles laid out in legislation. It is approved by the Corporate Parenting Board (board) which, together with the Executive Committee for Children and Young People's Permanence (Executive Committee), provide scrutiny and oversight over Strategy delivery. The strategy is supported by a corporate parenting promise which commits services and partners to deliver against the corporate parenting duty. The board and Executive Committee meetings are formally documented with an agenda and minutes. We noted however, that partner attendance at board meetings has been inconsistent whilst meetings of the Executive Committee have not been held with sufficient frequency. Prior to this audit these issues were identified by management and action had commenced to address these matters.</p> <p>Corporate parenting information including details of membership of the board and agendas and minutes is easily accessible on the council website. A workshop in March 2022 and subsequent presentations and briefings with the Chair and Deputy Chair were used to raise board members' awareness. A formal induction training programme proposed by management would however provide structured training for board members and support improvements in attendance and engagement. Four subgroups with appointed lead members and lead officers have been established to focus on delivering against each corporate parenting priority. Work carried out by the subgroups is properly documented and there is a standard item on the Executive Committee agenda to discuss progress although there has been no update since December 2021. A progress report highlighting the work of the subgroups was presented to the board in January, March and May 2022.</p> <p>Performance information is reported to the board by an appointed Business Intelligence officer, however, due to other priorities and review of the Strategy and governance arrangements in 2021-22, performance information has not been reported to the board since March 2021. Performance data produced by Business Intelligence includes contextual and specific indicators supporting the delivery of permanence and stability for children and young people. These are now linked to the Strategy and would benefit from further development to ensure there is sufficient coverage and detail to support the delivery of priorities. The workstream priority groups will be developing key performance indicators to support each Strategy priority which will enable a focused approach to reporting or sharing performance in the future.</p>				

Agreed actions from the audit	Priority
An annual schedule of Executive Committee meetings will be agreed and its terms of reference will be updated to reflect the change in the frequency of meetings.	
Regular monitoring of attendance at board meetings will continue to be performed and the importance of attendance will be highlighted at these meetings and in writing to relevant partner organisations as soon as possible.	

Corporate Parenting Strategy

Agreed actions from the audit	Priority
A formal induction training programme and process for delivering the training to new board members is to be put in place.	
Key performance indicators will be developed for each workstream to support the achievement of strategic priorities and objectives. Performance will be reported to the Committee to support their oversight of strategic delivery and to allow them to identify and address delays.	

Background

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period July 2021 to May 2022 and has been conducted in conformance with the Public Sector Internal Audit Standards

Context

The Children and Social Work Act 2017 (the Act) defined the responsibility of corporate parents to ensure, as far as possible, secure, nurturing and positive experiences for looked-after children and young people, and care leavers. The Corporate Parenting Strategy 2022-26 (the Strategy) is the council's response to this duty. The Strategy was recently revised following consultation with stakeholders and approved by the board in March 2022. Overall responsibility for delivering against the Strategy sits with the board, which established an Executive Board to oversee the work of subgroups set up to deliver the four strategic priorities.


In Lancashire the number of children looked after has fallen from 2,131 in September 2020 to 1941 in March 2022, this reduction is attributed to Children's Social Care reorganisation and the introduction of the Family Safeguarding Model.

Previous audit

An internal audit of the Corporate Parenting Strategy was last carried out in April 2020. This resulted in a moderate assurance opinion being issued.

Scope of Audit


In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas detailed in the table below.



Area of Coverage	Commentary	Assessment
Strategy	The Strategy defines the council's four key priorities supported by eight objectives, and addresses the corporate parenting principles set out in the Act. The revised 2022-26 strategy was approved by the board, and formally adopted in March 2022. It is supported by a Corporate Parenting Promise which is built on the Corporate Parenting Principles and an agreement with services and partners to effectively deliver against the corporate parenting duty. Board members undertook a workshop to establish their Corporate Parenting Promise to young people, with participation from stakeholders and partners identified in the Act.	

Corporate Parenting Strategy

Governance	<p>The board comprises of councillors and co-opted representatives from services and partners, to oversee strategy delivery. An Executive Committee (the Committee) oversees partnership arrangements for achieving permanence and the four workstream subgroups. The committee's broad membership supports strategic priorities and objectives. Board and committee meetings have a formal agenda and are minuted, and the board receive and review progress updates. committee meetings had not been held in accordance with the terms of reference and as a consequence meeting frequency was subsequently amended to quarterly. Some partners do not attend board meetings consistently and management will challenge partners where attendance is inadequate.</p>	●
Awareness and consultation	<p>The council's website has a Corporate Parenting page in the Supporting Children Looked After section which includes membership details, agendas and minutes and the board's terms of reference. This and the Local Offer are also accessible through the website's Youth Zone and Permanence Service's pages. A workshop was held in March 2022 to increase the board's understanding of the corporate parenting principles and characteristics. Awareness is also supported by briefings with Children's Social Care heads of service and service presentations on their corporate parenting duty activities and roles. To support this activity, management plan to introduce a formal induction pack for board members which provides a more formal approach to raising awareness and understanding.</p>	●
Operational effectiveness	<p>The delivery of the corporate parenting priorities is managed through four subgroups of the Children and Young People's Permanence Partnership. Each has an appointed Lead Member and Lead Officers. Terms of reference, which include aims and objectives have been agreed by the committee, which also monitors and oversees subgroup action. Permanence Service officers are represented on the subgroups, providing consistency and avoiding duplication of reporting. Progress was reported to the board in January, March and May 2022 including the subgroup aims and objectives, discussions with senior officers and members and proposed actions.</p>	●
Performance monitoring and support	<p>A Business Intelligence Officer supports the board by producing and reporting performance data, last presented to the March 2021 meeting. This is also discussed at agenda setting meetings. This gap in performance reporting was primarily due to other board priorities and the review of the strategy and governance arrangements during 2021-22. Performance reports include contextual and specific indicators supporting the delivery of permanence and stability for children and young people and other specific health, education and employment and training related indicators. Although these do not specifically support delivery of priorities. The previous strategy did not have key performance indicators to support effective performance reporting. Therefore, there are plans in place to produce these for the current strategy. The subgroups have used detailed performance data, for example numbers of young people expected to go to college or work and sustained education or employment, for analysis and will use these to develop performance indicators for each area.</p>	●

Better Care Fund

Better Care Fund				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	1	1	0
<i>See Appendix A for Rating Definitions</i>				
<p>Overall, we are satisfied that the funds which have been pooled by the council and Clinical Commissioning Groups (CCGs) into the Better Care Fund (BCF) and schemes are being delivered to achieve the objectives of integrated working. The BCF Plan for 2021/22 was only produced at the end of the financial year and at the time of the audit a section 75 agreement had not yet been produced and signed by all parties. However, we have confirmed that the amount of money pooled by CCGs and the council into the BCF, and the money paid to CCGs and the council for the schemes they are responsible for administering was largely in line with the amounts agreed in the Plan.</p> <p>The proportion of funding provided by CCGs to the BCF in Lancashire in 2020/21 was 57%. We compared this to 180 other BCFs in the country and found that this is lower than 124 (69%) of other councils.</p> <p>BCF governance arrangements did continue during the pandemic, albeit in a reduced capacity, although we found that data on the effectiveness of current schemes in achieving BCF metrics was not being produced and analysed, and alternative ways of working had not been explored. Additionally, no overall budget monitoring of the BCF fund was being undertaken.</p>				

Agreed actions from the audit	Priority
Governance arrangements for the BCF will be reviewed, agreed by the Health and Wellbeing Board (HWB) and documented. This is to facilitate more effective development of integrated working. In particular, it will include roles and responsibilities for budget monitoring and identifying scheme areas where funding could be reallocated to improve BCF metrics. Additionally, the framework will include the requirement to review the effectiveness of individual schemes and activities funded by the BCF. This would facilitate more efficient and effective achievement of BCF metrics.	
The level of funding from CCGs will be discussed with them with a view to increasing their contributions. This would provide more funding to deliver schemes in order to achieve BCF metrics.	

Better Care Fund

Background

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers activity undertaken in the period January 2020 to February 2022 and has been conducted in conformance with the Public Sector Internal Audit Standards.

Context

In order to improve integrated working between councils and CCGs, BCFs were established in 2015. This involved CCGs and councils pooling funds, establishing governance arrangements, and producing a plan detailing the schemes to be delivered. The total value of the BCF for Lancashire in 2021/22 is £166 million. £96 million of this is provided by CCGs. The council provides the remaining £70 million which comprises the IBCF and the Disabled Facilities Grant that is received from the government. Approximately £60 million is returned back to CCGs for schemes that they are responsible for delivering.

Previous audit



An internal audit of the Better Care Fund was last carried out in 2016/17. This resulted in the equivalent of a moderate assurance opinion being issued.

Scope of Audit


In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas detailed in the table below.



Area of Coverage	Commentary	Assessment
BCF Plan and funding arrangements	A BCF Plan has been produced for 2021/22 and conforms with the requirement of the BCF Policy Framework. The Plan was produced late towards the end of the year, and this is partly due to guidance being issued late by the government. A S75 agreement was not drafted and signed as at the date of our audit. This was in the process of being undertaken but it has been protracted due to the number of organisations involved. Despite this, funding has however been pooled and schemes have been delivered during the course of the year.	●
Governance	Previous governance arrangements included a Health and Wellbeing Board (HWB) overseeing the whole BCF operation and an Advancing Integration Board operating beneath the HWB. An Advancing Integration Programme Group brought together commissioning officers from CCGs and the council to implement the BCF Plan and procure services. These arrangements were suspended due to the demands of responding to the pandemic. Consequently, the HWB did not meet between April 2021 and January 2022. The Advancing Integration Board was also stood down in March 2020. The Programme Group continued to meet and has been maintaining an oversight of the BCF during the pandemic. This group however, does not have any decision-making authority and therefore has limited authority to progress the BCF objectives.	●

Better Care Fund

Scheme selection and metrics	The current governance arrangements do not involve reviewing the effectiveness of the current schemes. Additionally, financial monitoring of the overall BCF is also not being undertaken to evaluate whether funds could be reallocated to more effectively achieve the metrics of the BCF. External consultants were commissioned to review Intermediate Care in 2020, although the report they produced has not since been used to review the activities funded by the BCF in order to decide on the most effective schemes to deliver. Similarly, whilst a Hospital Discharge Home Recovery Scheme has been piloted by the council with the NHS which has proved to reduce the time patients have to spend in hospital, this scheme, which has received national recognition was not initiated or monitored through the BCF.	
Invoicing	The S75 agreement was not signed at the time of the audit. However, we confirmed that the general funds both received from partners in the BCF or paid out to partners to run the schemes as per the BCF Plan have been paid and received as expected with only small differences.	

Transport Provision for Children

Transport Provision for Children				
Overall assurance rating	Audit findings requiring action			
 Moderate	Extreme	High	Medium	Low
	0	0	3	3
<i>See Appendix A for Rating Definitions</i>				
<p>The Special Educational Needs and Disability Home to School Transport Policy (the Policy) provides an effective framework and guidance to support the council's statutory duty under the Children's Act for both staff and service users and is easily accessible on the council's website. The Integrated Transport Service Team (ITS) commission transport provision and manage contract delivery appropriately, based on children's assessed requirements, transport suitability and availability. ITS promptly process passenger transport referrals from Children's Services, obtaining required transport provision from an approved provider framework although not all area offices administer referrals in the same way, such as maintaining processing records on IT systems. Providers are regulated through service level agreements (SLA) and the council's disciplinary policy, and action is taken to manage compliance. Low level concerns are resolved by area offices but are not reported through established monitoring and reporting arrangements and could give early notice of developing issues. Regular compliance checks at schools are to be restarted now Covid-19 restrictions are lifted, however no formal timeframe for resumption has been established.</p> <p>Local policies and procedures provide guidance on accompanied travel, passenger needs, vehicle suitability and safeguarding and welfare checks. The service operates a framework of ongoing and mandatory training for drivers and passenger assistants, DBS safeguarding clearance and driving licence checks using the DVLA website, to ensure staff are eligible and able to perform their roles and responsibilities. All staff have DBS clearance, but not all staff have completed or retaken mandatory training within agreed time intervals or have had driving licence checks.</p> <p>ITS does not complete formal KPI's and performance information, and managers' report and escalate matters of concern to senior management by exception. Risks associated with the transportation of vulnerable children are managed through the corporate and directorate risk registers, and passenger risk assessments address complex requirements.</p>				

Agreed actions from the audit	Priority
A training schedule will be developed to ensure staff complete all outstanding mandatory training within an agreed timescale. Consideration will also be given to whether the courses included on the mandatory training matrix are still relevant or whether the matrix requires updating.	
Managers and staff with driving responsibilities will be reminded of the need to carry out driving licence checks using the DVLA website and retain supporting evidence of checks carried out. A decision on the use of an external driving licence checking agency will be prioritised.	

Transport Provision for Children

Agreed actions from the audit	Priority
Consideration will be given to adopting service-wide standard procedures across area offices, including use of IT systems to administer referrals in line with corporate policy on reducing printing and paper use, to ensure consistency and efficiency of operation.	●
The service will record in summary all low-level safeguarding, non-compliance and complaints issues currently addressed by area managers and report themes and common issues or concerns to senior managers.	●
Priority will be given to the early resumption of visits to schools to conduct periodic vehicle and driver safeguarding and compliance checks.	●
Senior service managers will review the need to receive additional information to inform awareness of emerging issues and concerns, and decision making. Data could include journey numbers, passengers transported, and safeguarding and non-compliance incidents.	●

Background

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit & Governance Committee and has been conducted in conformance with the Public Sector Internal Audit Standards

Context

The council has a statutory duty under the Children's Act 1996 to provide free home to school transport for qualifying children and young people, ensuring they are safe and able to achieve their full potential in education, learning and future employment. The ITS Team are responsible for commissioning home to school transport which meets the needs of vulnerable children and young people with special educational needs and disabilities. Five area office teams across Lancashire manage and commission council Travelcare, the council's specialised transport service, and taxis from external providers.

Financial information

The current Integrated Transport Service annual budget for 2022/23 is £29.9m, transporting 4,153 children by taxi's and Travelcare buses. The annual budget for 2021/22 was £29.1m, transporting 3,899 children. These figures exclude the mainstream school transport service.



Previous audit

An internal audit of transport provision for children has not previously been carried out.


Scope of Audit

We audited the adequacy and effectiveness of controls and processes to mitigate the key risks relating to the following areas detailed in the table below. The mainstream school transport service does not form part of the scope of this audit.


Transport Provision for Children


Area of Coverage	Commentary	Assessment
Policy and Procedure	<p>The Policy defines the council's approach to meeting its statutory duty under the Children's Act and Department for Education guidance. It mirrors government guidance in scope and content, confirming the key council duties to promote sustainable transport to educational and training establishments, and to promote and ensure equal opportunity for SEN and children with disabilities. Local guidance addresses accompanied travel, passenger needs, vehicle suitability, safeguarding and welfare checks, and is available on the council's internet for service users. The council's Covid-19 rules for travelling are consistent with government information and provide appropriate advice on key areas such as regular risk assessments, wearing of masks and PPE, ventilation and cleaning of vehicles.</p>	
Training and Safety	<p>ITS staff are supported by local policies, procedures and guidance on the ITS Information Management System (IMS) intranet site and shared folders, and all new staff complete an induction course. A mandatory training matrix provides details of compulsory staff training courses and course retake time intervals for drivers and passenger assistants enabling staff to update their skills, knowledge and competencies. However, not all mandatory training courses have been completed or retaken within the refresh time periods due largely to pandemic restrictions. Task and passenger specific risk assessments are carried out to alert staff of risks and how to manage them.</p>	
Commissioning Transport Provision	<p>Area contract managers promptly process transport referral forms and assess options, completing a passenger risk assessment for complex referrals. When mainstream travel is unavailable, managers commission specialised internal and external provision. External transport providers are assessed and approved before inclusion on the Oracle procurement system. Providers sign SLAs agreeing to the council's safeguarding and contractual terms and conditions and access the Oracle Hub portal to bid for council contracts. Managers liaise with Children's Services staff and providers to approve transport decisions, and journey schedules are retained in the CART system. The service aims to commission transport for standard referrals within five days and complex cases within 10 days. This is not a mandatory or formal target as it is based on the services perception of good practice. As such compliance is not formally monitored as systems cannot provide relevant data.</p>	
Safeguarding	<p>DBS safeguarding clearance and annual licence eligibility compliance checks are conducted at the start of staff employment. Managers check that driving licences are valid and cover vehicles being driven, and that driving endorsements are not excessive, however these checks were not always carried out or evidence retained where they were. For external drivers, the service relies on assurances from compliance checks conducted by district council taxi licencing and the council's Public and Integrated Transport, Schools Transport Team that external drivers have DBS clearance and hold valid driving licences. The service operates a two-tier complaints system to monitor and resolve provider issues, contractual non-compliance and safeguarding incidents. Area office managers respond to local low-level issues raised by parents, schools and the public, which are not recorded or reported but which could provide useful information on upcoming issues and trends. More complex complaints and concerns are escalated to the ITS Compliance Manager and recorded in a complaints log, and issues were resolved on average within three days. For more serious issues with external providers warning letters are initially issued, and providers were barred from applying for further work where concerns were not addressed. Prior to the pandemic Fleet Service's on behalf of the wider Public and Integrated Transport Service performed compliance checks at schools providing valuable assurance over external provider conformance with contract terms and conditions. The service plans to restart these visits although no timetable for resumption has been agreed.</p>	

Transport Provision for Children

Performance and Risk Management	<p>The Transport Administration Manager completes and distributes to the ITS Manager and area offices a monthly Excel report comparing previous information such as productive time, income generation, staff costs, and vehicle repair and expenditure. The Children's Services (Management Accountant) completes monthly financial monitoring reports and a dashboard report providing adult and children taxi occupancy and cost data. The ITS Manager receives copies of both reports. Service risk is managed through the corporate and directorate risk register. ITS does not complete corporate KPIs or performance information to manage service delivery and outputs, which inform strategic decisions, and financial and complaints information are escalated to the Head of Service informally and by exception.</p>	
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Payroll and Overpayments

Payroll and Overpayments				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	0	1
<i>See Appendix A for Rating Definitions</i>				
<p>Payroll procedures and processes operate effectively to ensure that monthly pay runs are paid correctly and in a timely manner. Payroll closure timetables are published in advance of the year on the council's intranet and school's portal, with monthly bulletin reminders for deadline submissions. The monthly payroll is processed accurately and on time, with changes to pay grades and rates actioned in a timely manner. Starters and leavers are processed promptly following notification from individual services, however delays in information being submitted to the Service continue to happen on a regular basis.</p> <p>Amendments to staff pay for maternity, sickness, honorariums and voluntary deductions are processed correctly and in line with agreed dates. Overpayments are monitored on a monthly basis and followed up by the service in a consistent manner. Reports are sent to service leads with the highest volume of Overpayments on a quarterly basis for their information and action. For Quarter 4 of 2021/22, the Service reported a figure over £53k in overpayments, from 60 individual cases, across the council services excluding schools. One management action was agreed to be implemented in our previous Payroll Processing audit (Ref: 2019-68), we can confirm this has now been fully implemented. The current overpayment figures represent a reduction in total overpayments of 61.7% compared to Quarter 4 of 2019/20, although analysis from the service identified three service areas which continue to appear in the top five for the number of overpayments made.</p>				

Agreed actions from the audit	Priority
The Payroll service will review its document retention procedures to ensure that supporting information for payroll amendments are retained securely. Cases identified by this audit will be investigated to confirm that inputted data is correct and reconciles with source information.	

Background

This annual audit of the controls operating over council's payroll processes and overpayment recovery procedures for council and school employees was carried out in line with the 2021/22 internal audit plan. Audit testing was conducted between February 2022 and July 2022 and covered the period between January 2021 and May 2022.

Payroll and Overpayments

Context

Following the return of the payroll function to the council from BTLS, the Payroll Service is responsible for ensuring that all employees of the council, including schools are paid accurately and on time. Oracle, the financial system used to administer payroll, is due to be replaced by Oracle Fusion in November 2022.

Financial information

For the month of July 2022 the Council spent over £58m on its gross BACS payments to all staff, including schools.

Previous audit



Our last audit report was issued in October 2020 as part of a joint audit reviewing Payroll Services and Overpayments. Following this gave substantial assurance over payroll processing and moderate assurance regarding the council's overpayments procedures, with one improvement action agreed relating to improving services with consistently high levels of overpayments which we consider is partially implemented (See Table A below).

Scope of Audit



We audited the adequacy and effectiveness of controls and processes to mitigate the key risks relating to the following areas detailed in the table below.

Area of Coverage	Commentary	Assessment
Policy and guidance;	<p>The council's Payroll Service holds a 'recovery of overpayments' policy which is accessible to all staff via the intranet page. The policy is maintained by the council's HR service and no amendments have been required since 2015.</p> <p>The service also holds 220 procedural guides for staff to support end to end processes for processing data through the system, including but not limited to starters and leavers information, redundancy payments, union contributions, pension payments, and sickness. These documents will be reviewed and updated as part of the council's implementation of Oracle Fusion.</p>	●
Payroll processing;	<p>Payroll closure timetables are published in advance of the financial year on the council's intranet. Monthly payroll HR and bulletins are published on Staff News, including information on issues such as P60 availability, allowance rates, payroll deadlines and contact details.</p> <p>We confirmed that council and school staff salaries were correctly calculated and paid in a timely manner in line with submission deadlines. Starters and leavers were processed promptly by the service once they received supporting information to enter and amend details, however council services did not always provide the required supporting information through the payroll system in a timely manner.</p> <p>Honorariums were processed promptly and reconciled to the source information, which was approved by the employee's manager, however in two cases the Service could not locate supporting information for the honorarium. Sickness and maternity payments were calculated correctly and paid in a timely manner in line with payroll closure dates. Maternity dates were submitted to Payroll through Oracle and statutory and optional maternity payments were made in line with these dates.</p>	●

Payroll and Overpayments

	<p>Payments over £3,500 were reviewed monthly prior to payment and verified to ensure that large payments were appropriate. Potential duplicate payments were identified on a monthly basis, and any highlighted payments were notified to Heads of Service for their review and action.</p>	
Payroll amendments	<p>Permissions to create amendments to the payroll master file were limited to specific roles and regularly reviewed, with staff leaving the service having their access removed in a timely manner. Changes to pay were applied consistently following the changes to the pay spine in March 2022.</p> <p>Voluntary deductions were made in line with agreed amounts, and amendments to deductions were carried out in a timely manner.</p>	
Overpayments	<p>Quarterly reports were produced which identified overpayments made to current and former staff and were reviewed for action. Staff were contacted with proposed repayment options, with current members of staff permitted to repay through salary, and former staff invoiced for their debt. Payments were being recovered, but in one case correspondence to the staff member could not be retrieved.</p> <p>Quarterly statistics of the value of overpayments were produced, categorised by service. Heads of Service for the five services with the highest value of overpayments were contacted by email to inform them of the overpayments made. For Quarter 4 2021/22 overpayments for council staff totalled £53,206 and £108,673 for school staff.</p>	

General Data Protection Regulations

General Data Protection Regulations									
<p>Overall assurance rating</p>  <p>Substantial</p> <p><i>See Appendix A for Rating Definitions</i></p>	<p>Audit findings requiring action</p> <table border="1"> <thead> <tr> <th>Extreme</th> <th>High</th> <th>Medium</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>	Extreme	High	Medium	Low	0	0	1	0
Extreme	High	Medium	Low						
0	0	1	0						
<p>The council has appropriate policies and procedures in place to ensure compliance with UK General Data Protection Regulations (UK GDPR) and these are easily accessible to staff. The Information Governance Framework allocates data protection roles and responsibilities, lists policies and records improvement actions Oversight of key issues is maintained by the Corporate Information Governance Group (CIGG). Guidance and other information are regularly posted on the Intranet's Staff Notices and all staff are required to complete e-learning annually. The most recent assessment established that 85% of staff had completed the training, although system records need to be cleaned and reconciled to Oracle to ensure completeness and accuracy. Records of Processing Activities (ROPA) are performed annually to assess the implications of GDPR on services, including the lawful basis for processing data and confirmation that consent for collecting and processing personal data details is obtained and recorded.</p> <p>The Information Governance (IG) Team support service managers in assessing personal data, sharing plans and completing privacy notices. The council's general privacy notice covering the purpose of processing data, consent, information sharing and retention, users' rights, and access to the data is available on the council website, with service-specific privacy notices. Processes are in place to identify new initiatives and projects, and the IG Team provide support for managers in completing DPIAs. However, four projects did not have a completed DPIA which were flagged and subsequently followed up by the IG Team.</p> <p>The number of security incidents have been consistently around 400 per year, a third of which do not result in any loss or disclosure outside the organisation. In 2021 there were 372 reported incidents of which seven were classified as data breaches and reported to the Information Commissioner's Office (ICO), with any required changes to procedures reported back to the relevant service. Corporate and service wide initiatives, including additional awareness training directed towards minimising data breaches, are run by the Learning and Development Team with support from the IG Team in reviewing course material. Subject Access Requests are handled by qualified Information Access Officers and a new software package, iCasework, was implemented this year to process requests. This system provides daily monitoring reports and performance statistics to the IG Team.</p>									
Agreed actions from the audit	Priority								
<p>The IG Manager should request that relevant officers in the IG Team are added to the distribution list for new contracts agreed, to support an initial assessment of the data protection implications and any follow up action necessary.</p>									

Background

General Data Protection Regulations

This audit has been undertaken in accordance with the 2022/23 Internal Audit Plan as approved by the Audit, Risk & Governance Committee.

Context

The EU General Data Protection Regulation (EU GDPR) and the Data Protection Act 2018 came into force on 25 May 2018. UK-General Data Protection Regulation (UK GDPR) which reflects the requirements of EU GDPR became part of UK domestic law on 1 January 2021 on the UK leaving the European Union. This establishes the legal framework for processing personal information and information rights of individuals, and sets out seven data protection principles including fair and lawful processing and accountability.

Previous audit



An internal audit of GDPR implementation was carried out in September 2018, where we gave substantial assurance with no improvement actions identified.

Scope of Audit

We audited the adequacy and effectiveness of controls and processes to mitigate the key risks relating to the following areas detailed in the table below.

Area of Coverage	Commentary	Assessment
Governance and Accountability	<p>The Information Governance Framework (the Framework) was updated for 2022 and was available on the council's Intranet. It set out the council's programme of work for the forthcoming year and details key controls used to protect the information flows. Key roles and responsibilities are also defined and documented along with the terms of reference for the for the Corporate Information Governance Group (CIGG).</p> <p>The (CIGG) receive quarterly update on information governance related issues and policies and were discussed with input from service managers. The CIGG raised issues and made recommendations and monitored progress with implementation.</p> <p>There was evidence to show consideration of data protection related risks both at directorate management team meetings and the CIGG, for inclusion in directorate risk registers and escalation where necessary to the Corporate Risk Register.</p>	●
Reporting and Subject Access Requests	<p>The Access to Information Policy set out the council's policy towards sharing information the council holds on individuals. Subject Access Requests are received by the council on a dedicated email address and are administered by the IG Team. Requests were initially logged and allocated to a qualified Information Access Officers to collated the information.</p> <p>A new system to process requests, iCasework, has been introduced this year. This system supports the production of daily monitoring reports and performance statistics which are reviewed by the IG Team. Information security incidents are submitted quarterly to Business Intelligence for inclusion in dashboard reports to CMT and Cabinet.</p> <p>Officers responsible for incidents are required to refresh their training and attend the Information Security Awareness Course to complement the IG MeLearning course and wider information and advice provided through staff notices, the Intranet and service specific presentations.</p>	●

General Data Protection Regulations

<p>Data processing audits</p>	<p>Records of Processing Activities (ROPA)s are completed by services annually and submitted to the IG Team, which held copies centrally for review and oversight. The categories of data collected on the ROPA were consistent with ICO guidance. We confirmed that the ROPA were properly completed including the retention policy and submitted to the IG Team. The Team worked with Corporate Communications to upload these onto the Intranet so that they were accessible to all staff.</p> <p>The ROPA identified where consent was the legal basis for collecting and processing personal data and recorded how consent was obtained. Most activities of the council fall under Public Task and therefore do not require consent. However, for the sample of areas tested, which required consent we can confirm this consent was in place.</p>	
<p>Privacy statements and impact assessments</p>	<p>The council has produced a general privacy notice and service-specific privacy notices for all services which were accessible on the council website. Services undertaking any new initiatives or projects can request support from the IG Team for an assessment of the personal data sharing plans and completion of a privacy notice.</p> <p>The DPIA Policy set out the council's methodology to identify, assess, mitigate or avoid privacy risks. Annual ROPA required services are required to identify and report any new projects. There are regular posts included on Staff Notices to raise awareness of the need to ensure compliance with legislation. Procedures are in place to support managers in completing DPIAs for new projects, including DPIA screening using the ICO screening checklist.</p> <p>We were unable to establish for four projects from the Contracts Register that DPIAs were completed, although two of these were secured through a framework agreement. Whilst the onus was on services to complete DPIAs, the IG Team confirmed that they would follow these up.</p>	
<p>Policies, procedures and awareness training</p>	<p>Policies relating to GDPR include the Data Protection Policy, Information Security Policy and the Information Governance Terms and Conditions and were easily accessible on the council Intranet via the A-Z function. These were reviewed and updated in 2022.</p> <p>Article 28 of UK GDPR contained specific guidance on what procurement contracts should cover, and this was covered in the Framework. Service managers were given training and an exercise was performed by Legal Services and Procurement in 2018 to alter contracts to ensure compliance with GDPR. All new contracts were identified as part of the Data Protection Impact Assessment process and through completion of annual Records of Processing Activities (ROPA).</p> <p>Regular updates were added to staff notices to keep officers up to date with information governance requirements, including reminders to complete training. Annual completion of the e-learning training module on MeLearning is mandatory for all staff and the IG Team issue reminders to officers to refresh the training. A completion rate of 85% for the e-learning training has been estimated. There are however over 2000 staff records on the system which could not be matched to Oracle, and the Information Governance (IG) Team were in discussions with Digital Services to reconcile Oracle to meLearning and perform a clean-up of 'dead' accounts to ensure the accuracy of reported statistics.</p>	