

**AUDIT and GOVERNANCE COMMITTEE
21 SEPTEMBER 2022**

INTERNAL AUDIT 2022/23 PROGRESS REPORT

Report by the Director of Finance

RECOMMENDATION

1. The Committee is RECOMMENDED to

Note the progress with the 2022/23 Internal Audit Plan and the outcome of the completed audits.

Executive Summary

2. This report provides an update on the Internal Audit Service, including resources, completed and planned audits.
3. The report includes the Executive Summaries from the individual Internal Audit reports finalised since the last report to the May 2022 Committee. Since the last update, there have been no further red reports issued.

Progress Report:

Resources:

4. A full update on resources was made to the Audit and Governance Committee in May 2022 as part of the Internal Audit Strategy and Plan for 2022/23. Since then, one of our Senior Auditors has resigned and will be leaving us in October. Work has commenced on recruitment to fill this post. We are currently in the process of holding interviews for both a Counter Fraud apprentice and an Internal Audit apprentice.
5. We are continuing to support team members to complete professional training. One of our Senior Auditors has one exam left to complete of the Certified Internal Audit Qualification. The Counter Fraud Intelligence Officer is continuing with his apprenticeship. Once in post the two new apprentices (Internal Audit and Counter Fraud) will commence their apprenticeships.

2022/23 Internal Audit Plan:

6. The 2022/23 Internal Audit Plan, which was agreed at the May 2022 Audit & Governance Committee, is attached as Appendix 1 to this report. This shows current progress with each audit and any amendments made to the plan. The plan and plan progress is reviewed quarterly with senior management.
7. There have been ten audits concluded since the last update, summaries of findings and current status of management actions are detailed in Appendix 2. This includes four audits from 2021/22, that at the time of reporting to the May 2022 committee were still at draft report stage. The completed audits are as follows:

Final Reports 2021/22:

Directorate	2021/22 Audits	Opinion
Childrens	Education Safeguarding	Amber
Environment & Place	Highways Contract Management	Green
Adults	Payments to Providers	Amber
Childrens	Controcc Payments	Amber

Final Reports 2022/23:

Directorate	2022/23 Audits	Opinion
Childrens	Children's Education System Implementation Review – Stage 3 System Testing	Amber
Customers, OD & Resources – I.T	Cyber Security (Ransomware)	Amber
Childrens	Children's Education System Implementation Review – Stage 4 Training	Green
Customers, OD & Resources	Follow up audit – Music Service	Amber
Children's / IT	Education, Health and Care Plan IT Application Review	Green
Childrens	Children's Education System Implementation Review – Processes and Controls	Amber

The following **grant certification** work has been completed since the last report to A&G:

- Travel Demand Management 2020/21
- Green Homes Grant (LAD1B) 2021
- BDUK 2021/22 Q1-3
- BDUK 2021/22 Q4
- Test and Trace 2020/21
- Contain Outbreak Management Fund 2020/21
- Universal Drug Treatment Grant 2021/22

PERFORMANCE

6. The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved for 22/23 audits (as at 30/08/22)	Comments
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	100%	Previously reported year-end figures: 2021/22 59% 2020/21 50% 2019/20 61%
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	100%	Previously reported year-end figures: 2021/22 86% 2020/21 88% 2019/20 74%
Elapsed Time between receipt of management responses to draft report and issue of final report.	10 days	100%	Previously reported year-end figures: 2021/22 66% 2020/21 80% 2019/20 74%

The other performance indicators are:

- % of 2022/23 planned audit activity completed by 30 April 2023 - reported at year end.
- % of management actions implemented (as at 30/08/22) – 72%. Of the remaining there are 3% of actions that are overdue, 11% partially implemented and 14% of actions not yet due.
(At May 2022 A&G Committee the figures reported were 78% implemented, 3% overdue, 4% partially implemented and 15% not yet due)
- % of repeat findings/actions (relative to the number of actions raised within the year) – reported at year end.
- Extended Management Team satisfaction with internal audit work - reported at year end.

Appendix 3

The table in Appendix 3 lists all audits with outstanding open actions, it does not include audits where full implementation has been reported. It shows the split between P1 and P2 actions implemented.

As at 30/08/22, there were 78 actions that are not yet due for implementation (this includes actions where target dates have been moved by the officers responsible), 14 actions not implemented and overdue and 61 actions where partial implementation is reported.

Counter-Fraud

7. The next counter fraud update to Audit & Governance Committee is scheduled for November 2022.

Financial Implications

8. There are no direct financial implications arising from this report

Comments checked by:

Lorna Baxter, Director of Finance, lorna.baxter@oxfordshire.gov.uk

Legal Implications

9. There are no direct legal implications arising from this report.

Comments checked by:

Anita Bradley, Director of Law & Governance and Monitoring Officer,
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Staff Implications

10. There are no direct staff implications arising from this report.

Equality & Inclusion Implications

11. There are no direct equality and inclusion implications arising from this report.

Sustainability Implications

12. There are no direct sustainability implications arising from this report.

Risk Management

13. There are no direct risk management implications arising from this report.

Lorna Baxter, Director of Finance

Annex: Appendix 1: 2022/23 Internal Audit Plan progress report
Appendix 2: Executive Summaries of finalised audits since last report.
Appendix 3: Summary of open management actions.

Background papers: Nil

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September 2022

APPENDIX 1 - 2022/23 INTERNAL AUDIT PLAN - PROGRESS REPORT

Directorate / Service Area	Audit	Planned qtr start	Status as at 9/9/22	Conclusion
Childrens Services	SEND	Qtr 2 / 3	Scoping	
Childrens Services / IT	Childrens Education System – Implementation of New Council IT System	Qtr 1 / 2	System Testing - Complete	Amber
			Training – Complete	Green
			Operational Processes – Complete	Amber
Childrens Services	Supported Families	Qtr 2	3 claims throughout 22/23 to verify	
Childrens Services	Children we care for / Care Leavers – support with management of finances.	Qtr 2 / 3	Scoping	
Childrens Services	Placements – quality assurance	Qtr 3	Not started	
Childrens Services	YPSA (Young People’s Supported Accommodation)	Qtr 3	Not started	
Childrens Services / IT	IT application audit - EHCP System	Qtr 2	Final Report	Green
Adults	Direct Payments – Follow Up	Qtr 1 / 2	Fieldwork	
Adults	Providers – quality assurance	Qtr 4	Not started	
Adults	Shared Lives	Qtr 3	Not started	

Adults	Build back better – Introduction of cap on care costs.	Qtr 4	Not started	
Adults / IT	IT application audit – LAS	Qtr 3 / 4	Not started	
Customers, OD & Resources	Corporate and Statutory Complaints	Q3	Not started	
Customers, OD & Resources	Music Service	Q1	Final Report	Amber
Customers, OD & Resources – IT	Cyber Security – Ransomware	Q1	Final Report	Amber
Customers, OD & Resources – IT	Cloud Services	Qtr 2	Draft Report	
Customers, OD & Resources – IT	Virtualised Infrastructure	Qtr 3 / 4	Not started	
Customers, OD & Resources – IT	IT Agile Working	Qtr 2	Fieldwork	
Customers, OD & Resources – HR	HR – contract management	Qtr 2	Not started	
Customers, OD & Resources – HR	HR – Employee Relations	Qtr 3	Not started	
Customers, OD & Resources – HR / Finance	Payroll	Qtr 3	Not started	
Finance	Pensions Administration	Qtr 3	Not started	
CODR HR/ CDAI Procurement	Off contract spend	Qtr 1 / 2	Fieldwork	
CDAI	Leases	Qtr 3	Not started	

CDAI	Property / FM – Contract Procurement and Contract Management arrangements	Qtr 4	Not started	
CDAI	Legal Case Management	Qtr 4	Not started	
Environment and Place / Finance	Capital Programme - Major Infrastructure	Qtr 2 / 3	Not started	
Environment and Place / Finance	Capital Programme - Highways Asset Management	Qtr 2 / 3	Not started	
Environment and Place	Supported Transport	Qtr 3	Not started	
Environment and Place	S106 – New IT system	Qtr 4	Not started	
Environment and Place	Climate	Qtr 2	Scoping	
Environment and Place	Street Lighting Contract	Qtr 2	Fieldwork	
Environment and Place / IT	IT application audit – GIS	Qtr 3 / 4	Not started	
Corporate / Cross Cutting	Combined Audit & Counter Fraud Reviews (also see Counter Fraud Plans)	ongoing	-	-
Various	Grant Certification: Disabled Facilities Grant Travel Demand Management 2020/21 Green Homes Grant (LAD1B) 2021 BDUK 2021/22 Q1-3 BDUK 2021/22 Q4	Qtr 1-4	Planned for September Complete Complete Complete Complete	

	Test and Trace 2020/21 Contain Outbreak Management Fund 2020/21 Universal Drug Treatment Grant 2021/22		Complete Complete Complete	
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APPENDIX 2 - EXECUTIVE SUMMARIES OF COMPLETED AUDITS

Summary of Completed Audits since last reported to Audit & Governance Committee May 2022.

2021/22 – completed audits

Education Safeguarding 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Policies & Procedures	A	0	3
Operational Processes	A	0	5
Management Information	A	0	3
		0	11

Opinion: Amber	
Total: 11	Priority 1 = 0 Priority 2 = 11
Current Status:	
Implemented	3
Due not yet actioned	0
Partially complete	0
Not yet Due	8

The team have been through a number of management changes over the last 12 months. The current Service Manager for LADO (Local Authority Designated Officer) / ESAT (Education Safeguarding Advisory Team) started in the role towards the end of 2021 and there have also been two changes in Head of Service which the LADO role reports into. Since the current LADO came into post, good progress has been noted in reviewing and updating key processes with changes made including updates to the assessment of allegations and referrals in meeting threshold, and updating and improvement of supervision arrangements, providing greater oversight at LADO / Service Manager level over the work of the team. In relation to the oversight and advisory role undertaken by the ESAT part of the team, some improvements have been made to the self-assessment format and reporting following on from this.

The audit noted that there is a lack of clear guidance in place for staff on key processes both in terms of the LADO role and the ESAT role which has led to key areas where there are inconsistencies in approach.

Whilst the self-assessment process completed by schools and the safeguarding advisory review process provide some assurance over the safeguarding arrangements in place, improvements are required in relation to ESAT oversight, challenge, follow up and monitoring of outcomes from these key processes to ensure that weaknesses that are identified are rectified.

As noted above, some improvements have been made to processes in place to assess and document safeguarding referrals, however testing identified inconsistencies in completeness and timeliness of recording of allegations on LCS which meet threshold as well as other inconsistencies in recording outside of the LCS system. These inconsistencies impact on the effectiveness of management oversight.

There were also inconsistencies in recording of advice given in relation to allegations that are not assessed as meeting threshold, again reducing the level of oversight management is able to have over the cases being overseen within the team.

A lack of clarity was noted in relation to some roles and responsibilities where the work of the team overlaps with teams in Education. Outcomes from LADO and ESAT activity can be relevant to the work of the School Improvement and Learner Engagement service and the work undertaken by these teams can require input from the LADO / ESAT team. However, there is no clear agreement over how the work undertaken on either side can or should direct the work of the other and what routine information sharing should be in place. Some joint working and information sharing has happened since the current LADO came into post, but this is not currently routine.

Management information is being produced on a monthly basis by the Performance Information Team covering the information now being recorded on LCS, however this is currently only being used for 6 monthly reporting to DLT, and greater consistency in recording is required to improve the completeness and usefulness of this information going forward. Further improvements are required to define key priorities and areas for performance monitoring within the team which will enable robust management oversight and provide assurance over the effectiveness of the processes in place.

Income monitoring processes also require improvement to provide the Service Manager with timely information on income generation and enable prompt corrective action where required.

Highways Contract Management 2021/22

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance	A	0	3
Value for Money	G	0	0
Accuracy of Payments	G	0	0
		0	3

Opinion: Green	
Total: 3	Priority 1 = 0 Priority 2 = 3
Current Status:	
Implemented	2
Due not yet actioned	0
Partially complete	0
Not yet Due	1

In April 2021, Milestone replaced Skanska as the business delivering the Council's highways maintenance contract. The costing system, SkanWorks, was also replaced in June 2021, with a new system, Causeway. This audit has therefore focused on the governance arrangements in place under the new contract, the mechanisms in place to provide assurance that the contract is delivering value for money, and the management controls in place to ensure the adequacy and accuracy of information submitted for monitoring and payment of costs.

Overall the audit found a strong system of contract governance in place. Appropriate groups exist to monitor quality, capital finance, revenue finance, and overall contract management, with the two Boards for escalation of issues and higher level performance monitoring. Attendance at these meetings was found to be satisfactory, with representation from both OCC and Milestone. It was noted that the Terms of Reference for the Contract Management Group (dated July 2019), Strategic Partnership Board (July 2021) and the Highways Operations Board (September 2020) require updating to reflect some changes in process and that the contract is now with Milestone.

Performance reporting against both the contract performance measures (Operational Performance Indicators – OPIs) and the wider Community

Operations performance indicators were found to be accurate and timely, with sample testing tracing reported figures back to source data satisfactorily. At the contract management level, an OPI performance and exceptions report is in place and regularly reported on, with Contract Management Group (CMG) minutes documenting the review of these indicators, discussion around poor performance, and escalation of issues where necessary. Where issues had been agreed for escalation to a Board meeting, this could then be seen in the minutes of the relevant Board.

The audit found that while the Community Operations risk register is updated regularly and risks are discussed at the relevant governance meetings, the Highways Partnership risk register, relevant to the contract, has not been updated since September 2020 and is therefore not reflective of the novation to Milestone or recent changes in the service area or wider environment. This was acknowledged by the Head of Service who reported a meeting has been scheduled with Milestone to review risk and risk management.

A review of the Council's public webpage for highways maintenance found that while the Highways Asset Management Plan and Strategy had been recently reviewed and updated (an action from the Highways Contract Management Audit carried out in 2020/21), the supporting policies remain dated between December 2018 and December 2019, and the Highways Infrastructure Management Policy is also due a review. It was reported by the Head of Service this is currently underway and the webpage will be updated accordingly when the new documents have been signed off by Cabinet.

The audit noted the use of several mechanisms to measure and monitor the efficiency and value for money of the contract. This includes the National Highways & Transport Network's "normalised costs" methodology, which provides an annual analysis of the Council's carriageway maintenance costs, adjusted to allow direct comparison to other authorities, and most recently showing Oxfordshire as above average. Evidence of mini benchmarking exercises undertaken by Milestone and OCC was also provided, undertaken to provide assurance that costs paid under the contract represent value for money.

In terms of accuracy of payments, sample testing found applications for payment against Task Orders are being reviewed and signed off appropriately, with variances to expected costs challenged as necessary. Both Milestone's applications for payment and resulting payments from OCC were found to be made on a timely basis and in line with target timescales.

Comprehensive budget monitoring processes were found to be in place, including monthly exception reports to the Head of Service; Revenue and Capital Finance Groups (attended by both OCC and Milestone officers); and monthly finance and budget dashboards presented to the Highways Operations Board, providing oversight of capital and revenue finance, including issued task orders, forecast variance, spend profiles, and delivery. High level figures are also included on performance and quality.

The 2020/21 Internal Audit of Highways Contract Management contained 11 management actions. All of these, along with 5 further actions from previous Highways Audits, have now been reported as implemented. A review of the

effectiveness of implementation carried out as part of this audit confirmed 13 have been fully implemented with controls (or adequate controls if the process had changed) in place and operating effectively. The remaining 3 actions relate to Highways Asset Management Documents, governance meeting Terms of References, and the maintenance of the Highways Partnership Risk Register, which have been highlighted above.

Payments to Providers 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Risk Area A: Policies and Procedures	G	0	0
Risk Area B: Payment Accuracy and Timeliness	A	0	5
Risk Area C: Overpayments	-*	0	1
Risk Area D: Management Information	G	0	0
		0	6

Opinion: Amber	
Total: 6	Priority 1 = 0 Priority 2 = 6
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	5

Overall, the audit identified a satisfactory level of control surrounding payments to providers within Adult Social Care, with clear policies and procedures in place.

The sample testing identified some areas of non-compliance to procedures, where controls or monitoring could be strengthened in order to improve efficiencies and ensure correct authorisation, including:

- The additional approval required for care packages that exceed the indicative budget by at least 10% had not been sought correctly and in advance of care starting in all 10 cases reviewed.
- Instances of non-recording of documents or notes on LAS were noted, including the cost calculator and respite referral forms not uploaded in 2

out of 5 cases sampled; case notes not added in 5/5 deleted records explaining the reason for the CPLI deletion; and in half of the care packages sampled, a case note had not been added to confirm the Support Plan had been authorised, as per the procedures, meaning the worker was not notified that the Service Request Form can be completed and authorised.

* A caveat to the audit opinion (in particular in relation to Overpayments) is the recent changes to the process for checking and monitoring payments to home care providers under the new Live Well at Home contractual arrangements. Previously payments were made based upon actual time recording via the Council's Electronic Time Management System used by carers when arriving and leaving a property. Regular checks and monitoring were undertaken to verify the accuracy of visits and time recording. However, under the new system providers are paid based on planned care visits. The Council is currently considering the risks and benefits of this system in terms of payment accuracy and a new monitoring system will be developed, at which point internal audit will review in order to provide assurance.

The audit noted recent improvements in the management information and performance data that is produced for this area for the Performance Hub.

The audit followed up on the management actions agreed under the previous Payments to Providers audit – as follows:

Of the 12 actions from previous audit of Payments to Providers 11 have been closed down as fully implemented. The fieldwork of the 2021/22 Payments to Providers audit found that 10 of the closed down actions had been appropriately implemented or were no longer relevant. The remaining closed action hadn't been fully implemented and has been detailed as a finding below to be actioned (see finding 6). The 1 remaining open action is yet to implemented, which is in progress.

Childrens Payments via Controcc 2021/22

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 9	Priority 1 = 0 Priority 2 = 9
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	9

Introduction

Following the implementation of LCS and ContrOCC in June 2019 an internal audit of Children's Payments was carried out in Quarter 4 of 2019/20. The audit was graded Red, with sample testing across various types of placements identifying inaccurate and delayed payments, as well as overpayments, a lack of routine management information, and heavy reliance on manual adjustments and suspensions to make payments efficiently.

Management actions were agreed to address the weaknesses identified, alongside the planned recommencement of the Finance Functions Project, which had been paused due to Covid-19 but aimed to centralise activity related to payments and care packages into one service, allowing standardisation of financial, contractual, and system controls.

This audit was therefore agreed as part of the annual audit plan to provide assurance on the controls in place over the accuracy, validity, timeliness, and authorisation of payments made from ContrOCC, and include follow up of the previous audit undertaken in 2019/20.

Overall Conclusion

The overall conclusion of this audit is Amber. The audit recognises the improvements that have been made since the 2019/20 audit, with the new Payments and System Data Team service implemented in November 2020, and the focus within the service on priority areas when addressing both known and identified weaknesses.

Significant improvements were noted, in particular, in the provision of management information. Dashboards focused on key areas of risk are now embedded, with quarterly performance reports going to the Corporate Parenting Financial Monitoring Group. This provides officers in Children's Social Care and Corporate Finance with high level information on the accuracy and integrity of payments, including performance against key metrics. Similar information is also reported to the Social Care Finance Functions Performance and Project Board. It was recognised within the service that now this reporting is embedded; it can be developed further.

In terms of the accuracy and integrity of payments, from the sample tested, weaknesses were noted with the accuracy and timeliness of setting up and closing down placements, resulting in delayed payments and overpayments. These were found to most commonly be due to delays in the completion of relevant forms on LCS. It is acknowledged, however, that due to the complex nature of the issues identified, the improvements made in the past two years require time to bed in. This is known within the service, with ongoing work such as the Social Care Finance Functions Project and the LEAN review to continue to address weaknesses.

Policies and procedures for key areas and responsibilities are in place for the Systems Team and the Payments Team but were found to be limited on the social care side, however this is already recognised by the service as an area for improvement and is included as a tranche in the Social Care Finance Functions Project, with LCS guidance and training requirements under review.

Follow Up

The 2019/20 Audit of Children's Payments contained 22 management actions. Of these, 20 were reported as fully implemented and 2 in the progress of being implemented (recording of cash payments on ContrOCC and recording and payments for short breaks).

A review of the effectiveness of implementation carried out as part of the audit for these 20 found 14 to have been implemented effectively and 4 to have been superceded. The remaining 2, while reported as implemented, were found to not be working effectively as the weaknesses have been identified again during this audit, related to the accurate and timely recording of placements, and of Internal Fostering relief care. As noted above, it is appreciated these are known areas for improvement by the service, with continuous improvement work taking place.

Management Response

The 2019/20 ContrOCC audit found significant failings with the overall conclusion being Red. We therefore welcomed this repeat audit to assess the effectiveness of actions arising from the 2019/20 audit and to identify any further improvements needed.

This audit recognises the progress made through the sustained efforts by colleagues across finance, children's social care and commissioning since 2020 and that, given the complexity of the issues and tasks, improvements have and will continue to take time to embed and have a sustained positive impact.

Whilst the audit has found that there remain errors in the system, it is also positive that monitoring and reporting systems developed since the 2019/20 audit now flag these errors so that they are known and can be addressed in a timely way. It is through the monitoring reports that managers receive assurance that the significance of errors and adjustments remain at levels that are proportionate to risks, so that resources across the system can be prioritised accordingly, as we continue to take actions to improve the systems and performance. The audit has identified some findings that require a more immediate response and new actions have been taken to address them. These are reflected in an updated action plan. We are confident that the progress made since the 2019/20 audit means that we can now build upon what has already been achieved.

The learning and actions arising from the lean review and the continued work of the Finance Functions Performance and Project Board will be integral to addressing the current weaknesses identified and it is imperative that we are able to continue to focus our resources to achieve positive and sustainable outcomes in a timely and proportionate way and continue to do so beyond the completion of these audit actions with a view to continuous service improvement.

2022/23 – completed audits

Children’s Education System Implementation Review – Stage 3 System Testing

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 4	Priority 1 = 0 Priority 2 = 4
Current Status:	
Implemented	1
Due not yet actioned	1
Partially complete	2
Not yet Due	0

The audit is being undertaken over a number of stages, the first two of which were completed in 2021/22. Internal Audit will cover both assurance over the design of operational processes and controls for the new system and also key IT system processes and controls. Management letters will be produced to report on our findings from each stage of our review. This reports on the third stage review, which looked at System Testing. *(Note this was the reported position, when the internal audit management letter was finalised 27/5/22).*

Overall Conclusion

Our overall conclusion is Amber. This is based on the scope of the work undertaken relating to the consideration of the implementation of key system controls in relation to system testing.

System testing is currently being performed on the new EYES solution and there has been a number of data migration and user acceptance testing (UAT) cycles. The supplier is releasing UAT4 on the 9th May 2022 for the next phase of testing and all testing will need to be completed and signed-off by the 24th June in order to meet the 10th August go-live date.

A Testing Strategy was produced at the start of the project but there is no evidence of it being formally approved by the CES Project Board and we also found that it has not been maintained up-to-date. Some of the key requirements of the strategy, such as the development of test plans and agreement of acceptance criteria, have not been followed in practice. There have been a number of challenges to testing which have, in some cases, required a different and more iterative approach to be followed, which we are informed is a result of the way the system has been delivered by the supplier.

Workstream leads are carrying out testing in conjunction with service areas and no issues have been highlighted in terms of the availability of service area staff for this purpose. The actual approach to testing varies for different workstreams. Where test scripts have been developed there is no evidence of them being reviewed and signed-off to ensure they cover all relevant areas.

Workstream leads confirmed that their testing includes different scenarios but again there is no evidence to support this.

There is a system in place to log all issues and errors identified through testing and a master log of these is maintained by the Testing Lead. A review of the log identified that there are currently over 100 'Blocker' issues, which are those that would prevent go-live. The Project Manager has written to the supplier to ask when they will be resolved. The Project Board have also been made aware of the issue via the Board Report, although it was not included in the last (April 2022) report and previous ones did not reference it in any level of detail and hence the Board may be unaware of the critical nature of the issue and the potential impact on go-live.

Cyber Security (Ransomware) 2022/23

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Education and Awareness	A	0	4
Malware Scanning	G	0	0
Privileged Access	G	0	0
Vulnerable Services	G	0	0
Vulnerability Scanning	G	0	0
Security Patching	A	0	2
Backups	G	0	0
Incident Response	R	1	0
		1	6

Opinion: Amber	
Total: 7	Priority 1 = 1 Priority 2 = 6
Current Status:	
Implemented	4
Due not yet actioned	0
Partially complete	0
Not yet Due	3

Cyber security remains a key area of business risk and there are no signs of this changing given the seemingly endless reports on data breaches, ransomware, phishing and other types of cyber-attack. All organisations that have digital systems are vulnerable to cyber-attacks and must operate strong security controls to minimise the risk of any attack being successful.

Education and Awareness:

Senior management and Members at the council are given updates on cyber security and have also been made aware of specific threats, such as phishing. Cyber is included on the IT risk register and also the corporate risk register, although we noted that the risk is not scored consistently between the two and hence senior management may not have an accurate assessment of the overall risk to the council. The risk registers were also found not to include all the relevant controls that are relied upon to manage the risk to ensure any changes in the control framework are reflected in the risk assessment.

Users are sent periodic general reminders on cyber security and made aware of specific threats when they arise. We have identified a risk relating to the formal training of users on cyber security.

Malware Scanning:

A number of different tools are used to scan for malicious software, including ransomware, and they operate at the network boundary and on each client machine. No risks were identified with how these tools are configured, managed and monitored.

Privileged Access:

A review of privileged accounts found they are well managed and controlled. There is a formal policy governing their use, which all account holders have to sign, and there is a six-monthly review of all such accounts to ensure their access is still valid.

Vulnerable Services:

No risks identified.

Vulnerability Scanning:

A new vulnerability scanning tool is being implemented that will scan all clients in real-time and provide a greater level of management reporting than what is currently in place with the existing tool...

Security Patching:

All client machines are updated with Windows security patches and there are checks in place to ensure the updates have installed successfully.

Backups:

IT Services are addressing the risk of ransomware infecting backups by implementing a new "air-gapped" backup solution that will provide immutable storage. The new solution includes a security utility which scans backups for any potential signs of encryption.

Incident Response Plan:

There is a draft Cyber Incident Response Plan, which details how IT Services will respond to a major cyber-attack. The plan needs to be further developed and formally tested to ensure it is effective.

Children’s Education System Implementation Review – Stage 4 Training

Overall conclusion on the system of internal control being maintained	G
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Opinion: Green	
Total: 1	Priority 1 = 0 Priority 2 = 1
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	0

The audit is being undertaken over a number of stages, the first two of which were completed in 2021/22. Internal Audit will cover both assurance over the design of operational processes and controls for the new system and also key IT system processes and controls. Management letters will be produced to report on our findings from each stage of our review. This reports on the fourth stage review, which looked at Training. *(Note this was the reported position, when the internal audit management letter was finalised 19/7/22).*

Overall Conclusion

Our overall conclusion is Green. This is based on the scope of the work undertaken relating to the consideration of the implementation of key system controls in relation to user training.

There is a documented and approved Training Strategy, which sets out the high-level approach to the training of users on the new system. A training needs analysis has also been performed to identify the different training requirements for service areas and teams.

A training plan has been developed which has details of scheduled training dates and the different forms of delivery, such as webinar, written guidance, classroom session etc. User training will start w/c 21st June for a limited number of services and wider training will commence the following week. There are plans for some services to receive refresher training after the summer break in September and all training will be based on the latest version of the EYES system, which is currently v11.03.

Records of user attendance at training sessions will be maintained by the Training Co-ordinator and used to identify people who do not attend the agreed training. These will be followed up. We have highlighted the need to

get user feedback on training sessions to ensure that any issues are identified early on and, where possible, addressed in the remaining training schedule.

Following go-live, all users will be required to log any support calls with the ICT service desk, from where they will be passed to the ICT Application Support team for resolution. The ICT Application Support team will be supplemented by members of the project team until December 2022 to help deal with these support calls. We have raised with the Project Manager the potential for there to be a higher-than-normal number of support calls to the service desk, compared to other recent IT system implementations, as a result of users working remotely. There are no concerns at this stage with the capacity of the service desk to deal with these calls, in part as the system is being implemented during the quieter summer period. The Project Manager has made the ICT Service Desk Manager aware of these plans.

Music Service follow Up Audit 2022/23

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 17	Priority 1 = 0 Priority 2 = 17
Current Status:	
Implemented	3
Due not yet actioned	0
Partially complete	0
Not yet Due	14

An audit of the Music Service in 2020/21 noted a number of areas where improvements in the control environment had been made since the previous audit in February 2020. However, some areas of weakness were still apparent particularly around financial management. 40 management actions were agreed, and an Amber rated report issued.

Ongoing review of the implementation of the agreed management actions was carried out by Internal Audit and a follow up audit was agreed as part of the 2021/22 Internal Audit plan, which due to various pressures was moved to Q1 2022/23.

The audit reviewed the implementation of management actions agreed with management in 2020/21. The majority of these actions were not re-reviewed in this follow up audit as satisfactory evidence had been provided in order to close them down during the course of the year.

The follow up audit reviewed the following areas with sample testing also undertaken:

- Strategy & structure
- Performance
- Finance (in particular purchasing, debtors, refunds)
- Systems (Speed Admin)

A new Head of Service joined in October 2021, providing management capacity and leadership to the Music Service. Of 40 actions agreed following the audit in 2020/21 33 have been closed and implemented, 2 are re-stated, 3 are superseded and 5 are closed but require further work so new actions have been agreed. The new report contains 17 actions.

The audit noted that the financial position of the Music Service at the end of 2021/22 was much improved, with no use of reserves as happened in previous years. Funding has been secured from the Arts Council however the issue of future funding continues to be a risk for the Service.

The Quality Assurance Framework (QAF) was found to be in the process of being completed and work had been carried out on developing the new business plan recently agreed by OMEP (Oxfordshire Music Education partnership).

The Service have made good progress to reduce the level of debt as there has been a reduction in the level of debt on hand, however there are still some further improvements noted in particular with managing debt over 3 years old. It was identified that staff are not always following the OCC guidance and Standing Operating Procedures (SOP) put in place as a result of the previous audit for purchasing goods and services, in particular not always raising Purchase Orders prior to purchase. Issues were noted in the audit with regards asset management as several items of value from the audit sample could not be located.

Education, Health and Care Plan IT Application Review 2022/23

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Logical Security	G	0	0
Access Rights	G	0	0
System Administration	A	0	2
Audit Trails	G	0	0
System Support	G	0	0
		0	2

Opinion: Green	
Total: 2	Priority 1 = 0 Priority 2 = 2
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	2

The EHCP (Education, Health & Care Plan) IT Application supports the organisation's statutory duty to assess children with special educational needs. EHCP is a module within the Early Help Module (EHM) system. EHM went live in 2019 and EHCP was implemented in August 2021. EHCP shares a database with the Liquidlogic Children's System (LCS).

Logical Security:

The EHCP application has a web interface and our testing confirmed that access is via a secure and encrypted network connection. All users have a unique account to the application. Users currently login to the application by entering their network username and password, although this will change in August 2022 when single sign-on is introduced as part of the Liquidlogic EYES implementation.

Access Rights:

Access profiles are used to grant rights within the application and each user is allocated a single profile. All SEN team members have the same access requirement to the system and are therefore granted the same profile, which was built when the system was implemented.

System Administration:

System administration for the EHCP application is performed by ICT Services and there are procedures in place for managing users in terms of starters and leavers. All system administrators have their own individual accounts and hence there is clear accountability for all such activity. A review of the form used to request access to the application found that it encourages access rights to be copied from an existing user, which is bad practice and can lead to users being granted incorrect levels of access. A review of the users with system administration access identified a small number of accounts which no longer require this privileged access and hence it should be removed to prevent unauthorised changes being made.

Audit Trails:

The application comes with an audit trail facility, which is not locally configurable. There is an audit trail on each client record which shows a history of all user activity, along with a timestamp and details of what has been changed. There is also a system wide audit report that can be used to review the activity of a specific user over a defined period of time.

System Support:

The application is supported and maintained. We were initially informed that whilst it is supported, there was no formal support and maintenance contract in place with the supplier, only a verbal commitment. Further investigation by ICT revealed that support arrangements for EHCP are included in the new EYES Education system support contract. Users are required to log all support calls with the ICT service desk and only five such calls were open at the time of the audit. A knowledge base for the ICT support team is being developed.

Children's Education System Implementation Review – Processes and Controls

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	
Total: 5	Priority 1 = 0 Priority 2 = 5
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	4

The audit is being undertaken over a number of stages. Internal Audit have covered both assurance over the design of operational processes and controls for the new system and also key IT system processes and controls. Management letters are produced to report on our findings from each stage of our review. This reports on the review of design of operational processes and controls relating to the implementation of modules of the new Liquidlogic education systems relating to Early Years finance.

The Early Years and Education System (EYES) and Liquidlogic Integrated Finance Technology (LIFT) applications include modules for Early Years that holds child/setting and finance information respectively. The Establishment Portal is used for tasks including submission of applications and returns relating to early years funding.

Internal Audit will be completing more detailed process reviews later in 2022/23 in relation to both SEND (separate audit to be completed in Q2-3) and Supported Transport / Home to School Transport as part of separate audits included within this year's audit plan.

The EHCP module for SEND went live in August 2021. LIFT finance functionality for EHCP SEND was successfully implemented on 6th June 2022. The rest of the education systems implementation (EYES, LIFT and the

Parent and Establishment Portals) was delivered successfully into live service on 10th August 2022. Issues arising post implementation are being raised with the project team who have reported that they are resolving these as quickly as possible, referring issues on to Liquidlogic where required.

Overall Conclusion

Our overall conclusion is Amber. This is based on the scope of the work undertaken relating to the consideration of the design of operational processes and controls for early years finance.

Children's services have now implemented a new children's education IT system which replaces the legacy Capita system covering all areas of education case management, including: Admissions, Home to School Transport, Early Years and the rest of the core EYES product containing SEN Support Services, Early Years SEN, Educational Psychology, Establishment Safeguarding, Children in Employment/Entertainment, Children Missing Education, Elective Home Education, Attendance and Exclusions. The core EYES system will hold child and setting information, LIFT will cover financial processes including Supported Transport, Early Years and SEND finance. As a result of the new system implementation, information across the different services within Education will be from one source which should increase accuracy and accessibility for those who require access.

From the discussions held with key staff, it is apparent that services have been actively involved in the development and implementation of the new system, including the two main applications and portals that have recently gone live. It is noted that all those involved in the project have worked hard to ensure that the system could go live as planned, responding to challenges posed by shorter than expected timeframes for testing and feeding back on new system releases right up to the point of go live. There are also plans in place for provision of comprehensive support for the different service areas from the project team following implementation covering the key tasks and they take place for the first time in the live system following implementation.

In relation to Early Years, there are some areas noted (all identified prior to the audit being completed) where additional work is required to confirm process and establish the relevant controls. This includes the development and implementation of two-way communication functionality within the Establishment portal, review, refinement and confirmation of system reporting, confirmation of the process and controls around ensuring the accuracy of payments to providers receiving adverse Ofsted ratings and confirmation of some aspects of the process for reviewing and confirming continued eligibility for funding.

APPENDIX 3 – As at 30/08/2022 - all audits with outstanding open actions
(excludes audits where full implementation reported):

Report Title	ACTIONS						Not Due for Implementation	Not Implemented	Partially Implemented
	P1 & P2 ACTIONS			IMPLEMENTED					
	1	2	Total	1	2	Total			
OCC Capital Procurement Audit 2019/20	1	7	8	-	7	7	1	-	-
OCC Carterton Comm College 20/21	4	16	20	4	15	19	-	-	1
OCC Childrens Educ IT System Implem Stage 3 22/23	2	2	4	-	1	1	-	1	2
OCC Childrens Educ IT system implem Stage 2 21/22	0	4	4	-	2	2	-	-	2
OCC Childrens Educ Sys Implem 20/21	1	14	15	1	13	14	-	-	1
OCC Childrens Placement Vacancies 20/21	0	9	9	-	4	4	-	-	5
OCC Client Charging 21/22	0	5	5	-	4	4	1	-	-
OCC Client Charging and Prov Payments 2019/20	0	21	21	-	19	19	-	-	2
OCC Controcc Payments 19/20	4	18	22	4	16	20	2	-	-
OCC Covid Payments Audit 2020/21 – 85% Transport Payments	0	5	5	-	1	1	4	-	-
OCC Cyber Security (Ransomware) 22/23	1	6	7	-	4	4	3	-	-
OCC Cyber Security 21/22	2	11	13	2	10	12	1	-	-
OCC ECHP IT APP 22/23	0	2	2	-	-	-	2	-	-
OCC Education Safeguarding 21/22	0	11	11	-	3	3	8	-	-
OCC Family Solutions Plus 2020/21	0	2	2	-	1	1	1	-	-
OCC Five Acres School 21/22	2	9	11	1	8	9	-	-	2
OCC Fleet Mgmt Compliance 21/22	0	5	5	-	4	4	1	-	-
OCC Gartan Payroll 21/22	1	34	35	-	8	8	6	3	18
OCC GDPR 21/22	1	11	12	-	4	4	2	3	3
OCC Growth Board AB Role 21/22	0	1	1	-	-	-	1	-	-
OCC Health & Safety Follow Up 2019/20	2	14	16	1	14	15	-	-	1
OCC Highways 2021/22	0	3	3	-	2	2	1	-	-
OCC IT Asset Management 20/21	1	9	10	1	6	7	-	-	3
OCC IT BAU Change Management 21/22	0	5	5	-	4	4	-	1	-
OCC Money Mgmt 21/22	0	6	6	-	5	5	1	-	-
OCC Music Service Follow Up 22/23	0	17	17	-	3	3	14	-	-
OCC OSJ Contract Mgmt 2020/21	3	18	21	1	13	14	2	1	4
OCC Payments to Providers 21/22	0	6	6	-	1	1	5	-	-
OCC PCI 2021/22	0	5	5	-	2	2	-	1	2
OCC Pensions Admin 21/22	0	5	5	-	1	1	1	-	3
OCC Provision Cycle 2021/22	0	19	19	-	14	14	5	-	-
OCC Risk Management 20/21	0	14	14	-	8	8	-	-	6

OCC S106 21/22	0	6	6	-	1	1	5	-	-
OCC SEND 2020/21	14	27	41	11	21	32	3	-	6
OCC Software Asset Mgmt 2122	0	2	2	-	1	1	-	1	-
OCC Treasury Mgmt 21/22	0	2	2	-	1	1	1	-	-
OCC Web Portals 20/21	0	9	9	-	7	7	2	-	-
OCC Wellbeing and Sickness Mgmt 21/22	0	6	6	-	-	-	3	3	-
Purchasing (inc Acc Payable) 2017/18	0	2	2	-	1	1	1	-	-
Samuelson House 2018/19	0	5	5	-	4	4	1	-	-
TOTAL	39	373	412	26	233	259	78	14	61