

Audit & Governance Committee – 27 May 2020

Annual Report of the Chief Internal Auditor

RECOMMENDATION

1. **The Committee is RECOMMENDED to consider and endorse this annual report.**

Executive Summary

2. This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2019/20, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.
3. The basis for the opinion is set out in paragraphs 24 – 37, followed by the overall opinion for 2019/20 which is that there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

Background

4. The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The Public Sector Internal Audit Standards 2017 (PSIAS), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor (CIA) to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies and effectiveness of the internal control environment, comprising risk management, control and governance.
5. Oxfordshire County Council's Internal Audit service conforms to the PSIAS 2017.
6. The Accounts and Audit Regulations 2015 require the Annual Governance Statement (AGS) to be published at the same time as the Statement of Accounts is submitted for audit and public inspection. In order for the Annual Governance Statement to be informed by the CIA's annual report on the system of internal control, this CIA annual report has been produced for the May Audit and Governance Committee meeting. This is the full and final CIA annual report.

Responsibilities

7. It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

8. The role of Internal Audit is to provide management with an objective assessment of whether systems and controls are working properly (financial and non-financial). It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
 - The Council can establish the extent to which they can rely on the whole system; and,
 - Individual managers can establish how reliable the systems and controls for which they are responsible are.

Internal Control Environment

9. The PSIAS require that the internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.
10. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:
 - Achievement of the organisation's strategic objectives;
 - Reliability and integrity of financial and operational information;
 - Effectiveness and efficiency of operations and programmes;
 - Safeguarding of assets; and
 - Compliance with laws, regulations, policies, procedures and contracts.
11. In order to form an opinion on the overall adequacy and effectiveness of the control environment the internal audit activity is planned to provide coverage of financial controls, through review of the key financial systems, and internal controls through a range of operational activity both within Directorates and cross cutting, including a review of risk management and governance arrangements. The Chief Internal Auditor's annual statement on the System of Internal Control is considered by the Corporate Governance Assurance Group when preparing the Council's Annual Governance Statement.

The Audit Methodology

12. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment against the standards is completed by the Chief Internal Auditor. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This was undertaken by Cipfa in November 2017 and the results were reported to the Audit & Governance Committee in January 2018. This confirmed that the "service is highly regarded within the Council and provides useful assurance on its underlying systems and processes"

13. The Monitoring Officer has conducted a survey of Senior Management on the effectiveness of Internal Audit. The results from this survey were presented to the March 2019 Audit & Governance Committee meeting. The conclusion from the survey was that management find the internal audit service effective in fulfilling its role. The next survey is planned for 2021.
14. The Internal Audit Strategy and Annual Plan for 2019/20 was presented to the May 2019 Audit and Governance Committee. The Committee then received quarterly progress reports from the CIA, including summaries of the audit findings and conclusions. The Audit Working Group also routinely received reports from the Chief Internal Auditor, highlighting emerging issues and for monitoring the implementation of management actions arising from internal audit reports.
15. The Internal Audit Plan, which is subject to continuous review, identified the individual audit assignments. The activity was undertaken using a systematic risk-based approach. Terms of reference were prepared that outlined the objectives and scope for each audit. The work was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence in forming an overall opinion on the adequacy and effectiveness of the internal control framework.
16. Internal Audit reports provide an overall conclusion on the system of internal control using one of the following ratings:
 - GREEN There is a strong system of internal control in place and risks are being effectively managed.
 - AMBER There is generally a good system of internal control in place and the majority of risks are being effectively managed. However, some action is required to improve controls.
 - RED The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.
17. In appendix 1 to this report there is a list of all completed audits for the year showing the overall conclusion at the time the audit report was issued, and the current status of management actions against each audit, (based on information provided by the responsible officers).
18. To provide quality assurance over the audit output, audit assignments are allocated to staff according to their skills and experience. Each auditor has a designated Audit Manager or Chief Internal Auditor to perform quality reviews at four stages of the audit assignment: the terms of reference, file review, draft report and final report stages.

The Audit Team

19. During 2019/20 the Internal Audit Service was delivered by an in-house team, supported with the specialist area of IT audit which is outsourced, and external resources to cover the Senior Auditor vacancies. The team also worked in

collaboration with Trading Standards who provided a member of their team as a seconded part-time resource to support with counter-fraud resource.

20. 2019/20 has been a particularly difficult year with resources. The Senior Auditor recruited in May 2019 did not complete their probation period and there have been quality and performance issues with the external resources brought in to cover some of the senior auditor vacancies.
21. Following several recruitment campaigns during the year, we have successfully recruited two Senior Auditors who started with us in November 2019. We have one remaining Senior Auditor vacancy and also an AAT Apprentice vacancy – recruitment has had to be temporarily suspended due to the Covid-19 pandemic.
22. Throughout the year the Audit and Governance Committee and the Audit Working Group were kept informed of staffing issues and the impact on the delivery of the Plan.
23. It is a requirement to notify the Audit and Governance Committee of any conflicts of interest that may exist in discharging the internal audit activity. There are none to report for 2019/20.

OPINION ON SYSTEM OF INTERNAL CONTROL

Basis of the Audit Opinion

24. The 2019/20 Internal Audit Plan has not been fully completed. Due to the resourcing issues a revised plan was presented to the January 2020 committee, this was on track for completion, however due to the Covid-19 pandemic, some of the work that was due to be completed in March and April has not been finalised. Some reports are still at draft stage awaiting agreement of action plans and some work has need to be deferred. The internal audit team's work arrangements have also been disrupted in the weeks following lockdown and audit resource has been redirected to support Covid-19 finance response work.
25. The plan is intended to be dynamic and flexible to change. 34 audits were undertaken (As at 18 May, 29 audits complete and 5 due to be completed by the end of May 2020). 11 were deferred/removed (7 already reported to January A&G, 4 removed since January A&G) and a further 3 were cancelled at fieldwork stage due to covid-19 (will be picked up during 20/21). These three were in areas where the audit fieldwork would have been too disruptive to officers who were fully engaged in the emergency response. These are listed in Appendix 1.
26. The completed internal audit activity and the monitoring of audit actions through the action tracker system enable the Chief Internal Auditor (CIA) to provide an objective assessment of whether systems and controls are working properly. In addition to the completed internal audit work, the CIA also uses evidence from other audit activity, including counter-fraud activity, and attendance on working groups e.g. Corporate Governance Assurance Group.

27. In giving an audit opinion, it should be noted that assurance can never be absolute; however, the scope of the audit activity undertaken by the Internal Audit Service is sufficient for reasonable assurance, to be placed on their work.
28. A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown in Appendix 1.
29. As at 18/5/20, of the 34 2019/20 audits (33 completed in 2018/19), there are two audits which have been graded as RED; Oxford City Agency Agreement and Children's Controcc Payments. As at 18/5 there were also two audits where the overall grading is still to be confirmed. (In 2018/19, 5 audits graded as Red).
30. The overall opinion for each audit, highlighted in Appendix 1, is the opinion at the time the report was issued. The internal audit reports contain management action plans where areas for improvement have been identified, which the Internal Audit Team monitors the implementation of by obtaining positive assurance on the status of the actions from the officers responsible. The current status of those actions is also highlighted in appendix 1, for each audit. Reports on outstanding actions have been routinely presented to Directorate Leadership Teams, CEDR and the Audit Working Group. The Chief Internal Auditor's opinion set out in below takes into account the implementation of management actions.
31. As part of governance arrangements developed when Oxfordshire County Council joined the Hampshire Partnership in July 2015, it was agreed that the Southern Internal Audit Partnership (SIAP) would provide annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the partnership, via the Integrated Business Centre (IBC). Due to the onboarding of three new partners, for 2019/20 the assurance arrangements were amended. The Hampshire Partnership/IBC commissioned Ernest and Young (EY) to undertake a Service Organisation Controls review under ISAE 3402. (International Auditing and Assurance Standards Board –which provides a framework for reporting on the design and compliance with control objectives related to financial reporting). In addition to this Partners can separately take a view on any additional risk-based pieces of assurance work that could be commissioned from SIAP covering any core elements of the control environment.
32. In 2018/19 they commissioned an ISAE 3402 Type 1 report covering the design effectiveness of the control environment, and for 2019/20 this was expanded to an ISAE 3402 Type 2 report covering both the design and operating effectiveness of the internal control environment. The Type 2 report has been shared with the Director of Finance and the Chief Internal Auditor. This report provides assurance on the operation and effectiveness of internal controls across; Purchase to Pay, Order to Cash, Cash & Bank, HR & Payroll and IT General Controls. The report concludes that the controls related to the control objectives were suitably designed and operated effectively, with no exceptions noted.
33. The Anti-fraud and corruption strategy remains current and relevant. In 2019/20 the Audit & Governance Committee have been updated on reported instances of potential fraud. Most of these are minor in nature. Work has been undertaken

to address the control weaknesses identified in each area identified to reduce the possibility or reoccurrence. During 2019/20 there was one successful prosecution on a foster carer payment fraud and the perpetrator was sentenced to 2 years in prison (this related to a referral received in 2017/18).

34. Internal Audit continue to manage the National Fraud Initiative data matching exercise which is completed once every two years. Key matches are investigated, and results are reported to the Audit & Governance Committee in the quarterly updates.
35. It should be noted that it is not internal audit's responsibility to operate the system of internal control; that is the responsibility of management. Furthermore, it is management's responsibility to determine whether to accept and implement recommendations made by internal audit or, alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by management, the Chief Internal Auditor would bring this to the attention of the Audit and Governance Committee.
36. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
37. In arriving at our opinion, we have taken into account:
 - The results of all audits undertaken as part of the 2019/20 audit plan;
 - The results of follow up action taken in respect of previous audits;
 - Whether or not any priority 1 actions have not been accepted by management - of which there have been none;
 - The effects of any material changes in the Council's objectives or activities;
 - Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.
 - Assurance provided by EY ISAE 3402 Type 2 report, covering both the design and operating effectiveness of the Hampshire Partnership/IBC internal control environment.
 - Corporate Lead Assurance Statements on the key control processes, that are co-ordinated by the Corporate Governance Assurance Group (of which the Chief Internal Auditor is a member of the group), in preparation of the Annual Governance Statement.

Chief Internal Auditors Annual Opinion

In my opinion, for the 12 months ended 31 March 2020, there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective action and timescale for improvement.

This opinion will feed into the Annual Governance Statement which will be published alongside the Annual Statement of Accounts.

Oxfordshire County Council's Internal Audit service conforms to the Public Sector Internal Audit Standards (2017)

Audits completed since last report to A&G Committee

38. The outcomes of the audits, including a summary of the key findings are reported quarterly to the Audit and Governance Committee. The summaries of the audits completed since the last report (January 2020) are attached as appendix 2;

- School Admissions
- Data Security & Protection Toolkit Review
- Children Missing Education
- ICT Backup and Recovery
- Troubled Families – Claim 4
- Health and Safety follow up review.
- Music Service
- Childrens Family Safeguarding Model Project Governance
- Childrens Controcc Payments
- Business Continuity Follow Up
- Pensions Administration

The following audits are still to be completed / are at exit meeting / draft report stage as at 18 May when A&G papers submitted. These are included within the annual opinion; however executive summaries of the reports once finalised, will be presented to the July A&G committee:

- Client Charging and Payments to Providers Follow Up (combined report)
- Direct Payments
- SEND
- Capital Programme – Procurement

Internal Audit Performance

39. The following table shows the performance targets agreed by the Audit Committee and the actual 2019/20 performance.
40. Whilst the revised plan presented to the Audit & Governance Committee in January 2020 was on track for completion the events of the Covid-19 pandemic impacted on the ability to complete the plan by the end of April 2020 in line with our performance targets. Completion of 2019/20 work has been extended through until the end of May 2020 and three audits at fieldwork stage during March were cancelled / deferred.
41. Performance in achieving the target dates for issue of draft and final reports were impacted upon during the first 8 months of the year due to the issues with the use of short term resources from external firms and management of the vacancies. Following recruitment of two of the three Senior Auditor vacancies in November 2019, this improved during quarter 4. However, some target dates have not been met during late March and April 2020, due to the Covid-19 pandemic and needing to extend the times given to officers to respond to our findings and reports, due to their other commitments in dealing with pandemic issues.

Measure	Target	Actual Performance 2019/20 – as at 11/5/20
Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the Audit Manager, no more than three times the total audit assignment days	61% of the audits met this target. (2018/19 this was 69%, 2017/18 60%, 2016/17 60%, 2015/16 58%)
Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	74% of the audits met this target. (2018/19 this was 82%, 2017/18 95%, 2016/17 94%, 2015/16 96%)
Elapsed time between issue of draft report and the issue of the final report	15 Days	74% of the audits met this target. (2018/19 this was 85%, 2017/18 92%, 2016/17 75%, 2015/16 48%)
% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2020.	70% of the plan has been completed by the end of April 2020. (2018/19 this was 100%, 2017/18 100%, 2016/17 100%, 2015/16 66%).

Measure	Target	Actual Performance 2019/20 – as at 11/5/20
% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	As at 4 May 2020: 622 actions being monitored on the system. <ul style="list-style-type: none"> • 74% implemented • 11% not yet due • 11% partially implemented • 4% overdue
Customer satisfaction questionnaire (Audit Assignments)	Average score < 2	Average score was 1.17 18/19 was 1.07, 17/18 was 1.03, 16/17 was 1.13.
Directors satisfaction with internal audit work	Satisfactory or above	The review of the effectiveness of internal audit is undertaken by the Monitoring Officer - results of this was reported to the March 2019 Audit & Governance Committee – Satisfactory. Next review planned for 2021.

SARAH COX

Chief Internal Auditor, May 2020

Background papers: None

Contact Officer: Sarah Cox, Chief Internal Auditor, 07393 001246

APPENDIX 1

Audit	Status	Conclusion	No of Mgmt Actions Agreed	Reported implementation status as at 13 May 2020
Corporate / Cross Cutting				
Induction	Final Report	Amber	10	7 reported as implemented, 3 ongoing.
Follow up – Health & Safety	Final Report	Amber	16	14 not due, 2 reported as implemented.
Follow up – Business Continuity	Final Report	Amber	13	13 not yet due
Oxfordshire Local Enterprise Partnership	Final Report	Green	2	1 not due, 1 reported as implemented
Adults				
Hospital Social Work Teams	Final Report	Green	3	3 reported as implem.
Payments to Providers – follow up	Draft Report	Amber	Tbc – combined report	-
Client Charging – follow up	Draft Report			
Direct Payments	Preliminary Draft Report	Tbc	Tbc	-
Adults: IT Audit Application Review – CM2000	Final Report	Amber	9	3 reported as implemented, 6 ongoing
Addition to plan: Review of an Individual Contract Award Process	Final Report	n/a	10	4 reported as implemented, 6 ongoing.
Children				
Children: Payments via ContrOCC	Final Report	Red	22	1 reported as implemented, 21 not due

Children: LCS Social Work Recording	Complete	Covered by action plan agreed for Controcc Payments	-	-
Children: Placement Decisions	Final Report	Amber	12	6 reported as implemented, 1 not due, 5 ongoing
Children: Family Safeguarding Model	Final Report	Green	6	6 not yet due
Children: Children Missing Education	Final Report	Green	2	2 not yet due
Children: SEND	Fieldwork	Tbc	Tbc	-
Children: Troubled Families – Claim 1	Complete	n/a	4	4 reported as implem.
Children: Troubled Families – Claim 2	Complete	n/a	2	2 reported as implem.
Children: Troubled Families – Claim 3	Complete	n/a	0	-
Children: Troubled Families – Claim 4	Complete	n/a	0	-
Children: School Admissions	Final Report	Amber	8	1 reported as implemented, 5 not due, 2 ongoing
Addition to plan: Advice work provided to two schools in Q1	Complete	n/a	-	n/a
Communities				
Oxford City Agency Agreement for Highway Maintenance	Final Report	Red	12	8 reported as implemented, 1 not yet due, 3 ongoing
Addition to plan: Security Bonds – Probity Audit	Final Report	n/a	9	3 reported as implemented, 5 not yet due and 1 ongoing
Communities / Finance				
Capital Programme – Procurement	Draft Report	Amber	Tbc	-
Finance				
Pensions Administration	Final Report	Green	2	2 not yet due

Pension Fund	Final Report	Amber	4	3 reported as implemented, 1 ongoing
Accounts Payable – 19/20 Duplicate Payments	Final Report	Amber	1	1 ongoing
IT Audits (Customers & Organisational Development)				
Backup and Recovery	Final Report	Green	4	4 not yet due
Data Centre Refresh	Final Report	Green	3	3 reported as implemented
Cyber Security	Final Report	Amber	14	13 reported as implemented, 1 ongoing
IT Project Governance	Final Report	Amber	13	13 reported as implem.
NHS Data Security and Protection Toolkit (IT Application Review – see Adults plan)	Final Report	Green	3	3 reported as implem.
	-	-	-	-
Customers & Organisational Development				
Addition to plan: Music Service	Final Report	n/a	-	-
Amendments to plan – presented and agreed at January 2020 A&G				
Contract Procurement – Decision Making	Deferred to 20/21			
Governance – Service / Establishment audit	Deferred to 20/21			
Transitions from Children to Adult Services	Deferred to 20/21			
Capital Programme – Formulation and Prioritisation	Deferred to 20/21			
Oxfordshire Housing and Growth Deal – Accountable Body	Deferred to 20/21			
ICT – Incident Management	Deferred to 20/21			
ICT – Disaster Recovery Planning	Deferred to 20/21			
Amendments to plan – since January 2020 A&G				
Risk Management	Deferred to 20/21 – due to work being undertaken by the organisation on Strategic Capability.			
Performance Management	Deferred to 20/21 – due to work being undertaken by the organisation on Strategic Capability.			
Payroll	Deferred to 20/21 – replaced with Music Service Audit			
Highways Contract payments	Deferred to 20/21 – to allow time for cost centre management improvements to embed and will be reviewed as part of wider planned audit of the Contract.			

Property & Facilities Management	Fieldwork started – deferred due to covid-19.
Governance – Directors Assurance	Fieldwork started – deferred due to covid-19.
Adults – Contract management	Fieldwork started – deferred due to covid-19.

The following grants were reviewed and signed off by Internal Audit at the end of September 2019:

- Local Transport Capital Block Funding (consists of Highway Maintenance Block, Highways Maintenance Incentive, Integrated Transport Highways Management Block Grant)
- Pot Hole Action Fund (PAF) Grant
- Disabled Facilities Grant (DFG)
- Bus Subsidy Revenue Grant

APPENDIX 2

Summary of Completed 2019/20 Audits since last reported to the Audit & Governance Committee - January 2020.

School Admissions 2019/20

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, Guidance and Regulations	A	1	1
Applications for a School Place	A	2	3
Appeals Process	G	0	1
		3	5

Opinion: Amber	12 February 2020	
Total: 8	Priority 1 = 3	Priority 2 = 5
Current Status:		
Implemented	1	
Due not yet actioned	0	
Partially complete	1	
Not yet Due	5	

The School Admissions team are responsible for the allocation of school places in Oxfordshire schools both as part of the main admissions round in September for reception and year 7 and for in year applications. Whilst some controls weaknesses have been noted in some areas, the Head of Access to Learning has confirmed that positive action is in the process of being taken to fully review and refine team processes which will address the key issues noted within this report.

Although it was found that the information available to the public in terms of the school admissions process was clear, comprehensive and compliant with the relevant legislation, there is no internal staff guidance. Testing noted inconsistencies in some aspects of team processes as well as a lack of clarity over roles and responsibilities in some areas (particularly around the in-year admissions process). For example, inconsistencies were noted in the approach and evidencing of communications with parents as part of the in-year application process, there was found to be lack of clarity over how referral to the In Year Fair Access Panel (IYFAP) should be documented and tracked and Admission Officers'

responsibilities in ensuring that places allocated are updated on school roll / taken up (important in identifying potential Children Missing Education) were not clearly understood. This is an area that the Head of Access for Learning is keen to address and plans are in place for completion of a full process review which will clarify roles, responsibilities and processes completed by Admissions staff and enable the production of comprehensive staff guidance.

It was noted that there is currently no routine performance information being produced and reported on relating to the work of the Admissions team to provide assurance to management that school admissions applications are being processed promptly and accurately (for example there is no monitoring of the level of applications received or of timeliness of processing from receipt through to communication of outcome). This could delay identification and resolution of performance issues. The upcoming process review will provide an opportunity to clarify and confirm processes and reporting requirements so that, going forward, management are provided with assurance that key admissions processes are operating as intended or promptly flag any areas where performance is not as required.

The Local Government and Social Care Ombudsman's reports issued in September 2018 and July 2019 made a number of recommendations for improvements required in the Admissions process. The report from the Director for Children's Services to Education Scrutiny Committee in November 2019 reports that the recommendations from both Ombudsman's reports have been implemented and through testing on this audit, it has been confirmed that process following decisions made by the In Year Fair Access Panel and the roles of both Admissions staff and Education Inclusion has been reviewed and refined.

It is noted that a new system was introduced for the 2019/20 academic year, which allowed parents to submit in year admissions applications on line. This system does not interface with the system used for the allocations process and so all on line in-year applications must be manually input to the admissions allocations system (the same process as prior to the introduction of the online system), there is also a lack of clarity over the process for claiming and processing these applications. The service acknowledges these weaknesses and are reviewing a number of different interim and longer-term options so that going forward, in year and main round applications will be dealt with in one system without the need for manual input.

No significant issues were noted during audit testing on the main admissions round, however there were control weaknesses identified in relation to the in-year application process. These relate to inconsistencies in process or lack of clarity over roles and responsibilities which should be addressed by the process review, production of internal staff guidance and introduction of appropriate performance monitoring and management reporting.

No significant issues were noted from testing on the appeals process. Whilst there were two examples noted where it had not been possible for the appeal to be held within the timescales required by the School Admission Appeals Code, this was due to logistical issues which were beyond the control of the Senior Education Appeals Officer.

Data Security & Protection Toolkit Review 2019/20

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
Management Framework	A	0	2
Toolkit Requirements	G	0	0
Improvement Action Plan	G	0	1
		0	3

Opinion: Green	3 March 2020	
Total:3	Priority 1 = 0	Priority 2 = 3
Current Status:		
Implemented	3	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	0	

The NHS Data Security & Protection Toolkit (DSPT) was released in 2018 following the National Data Guardian's review of Data Security. It replaced the previous Information Governance Toolkit, which had been used for over 15 years to assess organisational compliance with a number of information governance standards and requirements. OCC are required to make an annual toolkit submission as they have access to NHS data and systems. The submission must be made annually by 31 March.

The DSPT submission is managed by the Information Management Team. A review of the March 2019 submission and the current ongoing work towards the 2020 submission has highlighted the following weaknesses:

- For the 2019 submission, there was a lack of oversight by the Information Governance Board (IGB) or Information Governance Group (IGG) on the progress being made with the toolkit and hence assurance that it would be submitted on time;
- The final 2019 submission was not formally ratified by either the IGB or IGG to confirm that they agreed and approved what was being submitted.
- The method of recording actions by the Information Management Team is not deemed effective to manage and track the work completed and clearly identify the outstanding gaps.

Children Missing Education 2019/20

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
A: Policies & Procedures	A	0	2
B: Joint Working	G	0	0
C: Process for Referral & Investigation of CME	G	0	0
D: Management Information & Performance Reporting	G	0	0
		0	2

Opinion: Green	10 March 2020	
Total: 2	Priority 1 = 0	Priority 2 = 2
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	2	

Following on from the recruitment of the Head of Learner Engagement in October 2018, considerable progress has been made in the development of a consistent approach to the process for identifying, tracking and investigating potential CME cases. This includes the production and sign off of a CME Policy and the development of joint working arrangements with internal and external parties including schools, the School Admissions team and the Youth Justice Service. Information and training has also been produced for Children's Social Care staff to enable greater understanding of where social care fits and can contribute in enabling the Council to discharge its statutory duties in relation to the tracking and resolution of CME cases.

Whilst Internal Audit does not review and assess the adequacy of resources for the completion of key CME tasks, this has been flagged by management as a known risk and is an area of concern. In addition to this, there are management concerns about the perceived blurring of the roles and responsibilities of the Access to Learning and Learner Engagement Services and the impact this could have on the resourcing and therefore the

ability of the Learner Engagement service to perform their statutory duties in relation to CME. For example, staff from Learner Engagement are now chairing the In Year Fair Access Panel which is required as part of the Access to Learning Services statutory duties. The Head of Learner Engagement has reported that concerns over the resourcing of CME activity has been flagged with the Interim Deputy Director for Education and are being raised as part of the ongoing transformation work within Children's.

Policies & Procedures – There is a CME Policy and Learner Engagement Strategy in place. Intranet information, although found to be comprehensive for schools (who the majority of CME referrals will come from) via the schools intranet pages, was not as comprehensive for other key internal stakeholders which could reduce awareness of CME requirements and processes and lead to delays in referral and investigation of individual cases. In relation to the guidance available for Children's Social Care staff, it has been reported that discussions over the guidance and coverage of CME have taken place with the Principal Social Worker and Neglect Group, with more support offered as and when required.

In terms of resourcing of CME activity, it was noted that there is one officer with sole responsibility for the processing, monitoring and investigation of referrals. As noted above, the Head of Learner Engagement acknowledges this risk and is keen for the current resourcing arrangements to be reviewed. Reliance on one member of staff has implications for the ability of the Council to appropriately and consistently monitor and investigate potential CME. It could also be difficult for others to pick up key tasks should the key individual leave or be off for extended sickness absence, although it was reported that other officers have rudimentary understanding of the role to pick up in the specialist officer's absence.

Joint Working – Significant efforts have been made to improve joint working between the Pupil Tracking Officer and the School Admissions team, with weekly meetings are now taking place to discuss key CME issues / cases. The auditor observed a joint service event during summer 2019 led by Head of Learner Engagement to enhance CME understanding across all Learner Engagement and Admissions staff. Progress is also being made in formalising the process and clarifying responsibilities for the monitoring of the take up of school places both as part of the main admissions round and the in-year application process. The In Year Fair Access Panel (IYFAP) process has also been reviewed and strengthened with responsibilities and process clarified and defined. Progress has been reported in developing understanding of CME issues and information requirements with the Youth Justice Service and information and guidance has been developed for Children's Social Care staff.

Process for Referral & Investigation of CME – Walkthrough testing indicates that the recording and investigation of CME cases is being undertaken in accordance with the processes documented within the CME policy.

Management Information & Performance Reporting – Whilst it was noted that there is now regular reporting both to the Head of Learner Engagement and to the Education Senior Leadership Team and Director of Children's Services on CME numbers which then feeds up to different forums, it was noted that it has not yet been possible to include information on the number of cases where school places allocated have not been taken up and so become CME cases. This is an area where responsibilities and processes within the School Admissions Team are being developed.

ICT Backup and Recovery 2019/20

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
Corporate Policy	A	0	1
Operational Arrangements	A	0	2
Media Security	G	0	0
Testing	G	0	1
		0	4

Opinion: Green	16 April 2020	
Total: 4	Priority 1 = 0	Priority 2 = 4
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	4	

A new corporate ICT backup and recovery solution has been implemented as part of the recent Datacentre Refresh project. The new solution is Dell EMC Avamar and replaces the previous IBM Tivoli Storage Manager (TSM) system which was no longer supported.

Dell EMC Avamar only went live in January 2020 and some of the procedures and processes around the system are still being defined. Documentation for the new system is still being developed, including the "Avamar Backup Environment" which holds configuration information, "Avamar Missed and Failed" document which defines procedures for reviewing backup jobs and the "Avamar Data Restore" procedure. It is acknowledged that this is an early audit of the new system and that some of the processes are still being agreed, hence we have not raised any specific management actions in regard to the documentation, however, they should all be finalised as soon as possible.

Whilst some of the procedural documents are still being developed, we found that there is no formal documented corporate policy on the backup and recovery of ICT systems. Such a policy should be developed to ensure there are clear standards and requirements for this important area.

There is a daily backup of ICT systems in place and responsibilities are assigned for reviewing backup jobs to ensure they have all completed successfully and to follow-up any with errors/issues. Backup retention policies are defined for different environments e.g. databases, SharePoint and servers. The ICT System Engineers review an Avamar report that identifies any servers which are not associated with a backup schedule, however, it is not logged as a formal process and hence there is a lack of assurance that it is performed on a regular basis. We also found that ICT access to the Avamar system is not restricted to only those users with an operational need and hence there is a risk of unauthorised access and changes being made to the system.

All backups are taken directly to off-site digital media at the secondary data centre at Lyndon Place in Birmingham. i.e. there are no “local” backups at the primary data centre at Cole Valley. All Avamar backups are encrypted and tape media is no longer used for backups. Backups are also replicated to the Azure cloud each night for disaster recovery purposes and the completion of these replication jobs is checked as part of the daily missed and failed process. Currently there is an issue with the size of the network connection between Lyndon Place and Azure which is preventing all backups from being replicated and hence some of the less critical servers are not included in this process. ICT are working with the supplier to resolve this issue.

There is a formal Test and Acceptance Plan for Dell EMC Avamar which includes performing a number of backup recovery tests. We understand the tests have been completed but found that they are not all documented and signed-off within the Test and Acceptance Plan to confirm they were successful.

Troubled Families 2019/20 – Claim 4

Opinion: n/a	20 March 2020	
Total: 0	Priority 1 = 0	Priority 2 = 0

The audit of the previous claim (December 2019) identified no issues or management actions, owing to the previous improvements to the process for identifying duplicate claims and updates to the Think Family Outcome Plan. All previous actions from previous audits have been implemented.

For the March claim - the audit checked a sample of 10% of the total SSP (Significant & Sustained Progress) claim (52 families) to ensure that they met the relevant criteria for payment and had not been duplicated in the current or previous claims. Their initial eligibility criteria for inclusion in the Programme were also checked.

Overall Conclusion

The audit noted further improvements in the internal processes for data checking and validation. Testing for duplicates found no families that have previously been claimed for, and no issues were identified with the eligibility or sustained progress of the families sampled.

Following satisfactory responses being received for all queries raised by Internal Audit, the claim was signed off for submission.

New checks built into the claim spreadsheets by the Thriving Families Team have continued to result in further improvements in the accuracy of the claim data submitted to Internal Audit. As such, no audit findings or management actions were required.

Health and Safety Follow Up 2019/20

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	27 April 2020	
Total: 16	Priority 1 = 1	Priority 2 = 15
Current Status:		
Implemented	2	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	14	

The 2018/19 audit of Health & Safety, graded Red, identified key weaknesses in areas including governance arrangements, clarity over roles and responsibilities, guidance and training, risk management and management reporting. A follow up audit was completed in the third and fourth quarter of 2019/20 to review the effectiveness of the implementation of the actions agreed following the previous audit, all of which had been reported as being fully implemented.

This follow up audit has taken place just over a year after the completion of the previous audit. Overall, it has been possible to evidence significant progress in addressing the weaknesses identified, however there are still some areas where further action is required.

Overall Conclusion

It is noted and has been confirmed from the follow up testing undertaken on this audit, that significant progress has been made in improving key areas of weakness identified in the 2018/19 Health & Safety Audit.

Our overall conclusion is now Amber. Improvements have been noted in relation to review and updating of Part 1, 2 and 3 policies and other health and safety policies and procedures, the Health & Safety Governance Board is now meeting regularly, generic health & safety training for staff and managers has been reviewed and improved and there is regular monitoring and reporting on the completion of mandatory training. Improved communications and management reporting were also noted.

Of the 27 actions agreed in 2018/19, audit testing has confirmed that 18 have been fully and effectively implemented. The remaining 9 have been found to have been partially implemented. Where further improvements are required as implementation has not been fully effective, new management actions have been agreed. Further improvements are required in relation to clarifying roles and responsibilities for property compliance in schools, to provide assurance that property compliance in OCC buildings is covered consistently and appropriately, to ensure that Property, Investment & Facilities Management (PIFM) staff health & safety training coverage is appropriate and complete, to confirm arrangements for the monitoring of first aider and fire marshal coverage across the Council and to ensure that the discussions and decisions of the Health & Safety Governance Board are clearly and consistently documented.

Music Service 2019/20

Following issues raised by management, Internal Audit have completed a preliminary internal audit investigation. This work has been completed and reported on to management and an action plan is now being agreed. Immediate issues in relation to Health & Safety and Fire Safety were highlighted and a Health & Safety Inspection has now been completed. A full audit is planned for 2020/21 – which will include follow up of the issues identified in the preliminary work.

Childrens Family Safeguarding Model Project Governance 2019/20

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
A: Project Governance	A	0	6
B: Risk Management	G	0	0
C: Management Information & Reporting	G	0	0
		0	6

Opinion: Green	6 May 2020	
Total: 4	Priority 1 = 0	Priority 2 = 6
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	6	

The Family Safeguarding Plus (FSP) project is a transformational project to implement a new practice model of intervention across the county of Oxfordshire to tackle the main causes of parental and family breakdown. The implementation of the model was approved by Cabinet in July 2019. The FSP model is one of the main workstreams within the CEF Transformation Programme. The envisaged go live date for the model was June 2020 with significant service improvements and efficiencies expected from June 2021. It is likely that the implementation of this project will be impacted by the current situation with COVID-19.

The audit has found project governance arrangements overall to be strong, however some areas were noted where improvements are required.

There is currently no communication and stakeholder engagement plan, however it has been reported that following the recent appointment of a workstream lead for engagement, this plan is in the process of being developed. The current approved version of the PID was also noted to be out of date in some areas including the named Senior Responsible Officer and Project Sponsor and detail over roles and responsibilities of some key members of the project team was found to be limited. However, it is acknowledged that a revised PID, which reportedly resolves these issues, has been produced and is due to be tabled at the next meeting of the Transformation Board.

It was noted that although there is evidence of recording of actions points from project team meetings, it was difficult to see how the progressing of these actions are tracked. Similar issues were noted from review of the minutes of the Partnership Board. The terms of reference of the partnership board also requires updating to reflect requirements in relation to core attendees (although no specific issues were noted with attendance from the testing completed as part of this audit).

It was found that there is a detailed project plan in place which is being updated and reviewed as the project progresses, there were a couple of examples of omissions which have been raised with the project team and will now be updated.

Further assurance work on the FSP model will be provided as part of the 2020/21 Internal Audit Plan.

Childrens Controcc Payments 2019/20

As this report has been graded Red, this will be presented for discussion at the next AWG, 24 June 2020, when officers will be invited to attend to answer questions and provide an update on addressing the weaknesses identified.

Overall conclusion on the system of internal control being maintained	R
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Opinion: Red	11 May 2020	
Total: 22	Priority 1 = 4	Priority 2 = 18
Current Status:		
Implemented	1	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	21	

Introduction

Liquid Logic Children's System (LCS) and ContrOCC, were implemented from June 2019, replacing Frameworki for child care recording, and various different finance systems and payment methods. Since ContrOCC's phased implementation, £26m has been paid through the system.

The provider payments process has therefore changed significantly since June, and this audit, carried out in the 4th quarter of 2019/20, was agreed as part of the annual audit plan to provide assurance over the accuracy, validity, timeliness and authorisation of payments made.

Overall Conclusion

The overall conclusion of this audit is **Red**. It is acknowledged across the service and Corporate Finance that there are a number of ongoing issues with both the integrity of data and the accuracy of payments, with ongoing work to address these, however the system is currently open to the risk of error or abuse, with audit testing across various types of placements identifying inaccurate and delayed payments, as well as overpayments.

Some of the issues noted are a result of the new system, however a number are long standing issues that are now being highlighted but were previously hidden with the old systems.

Incorrect data held in LCS and delays in completion of relevant forms means a high level of payment suspensions and manual adjustments are currently relied upon to make payments efficiently, with little capacity currently available to identify and

address root causes of the issues requiring these. Testing also identified various work-arounds being used by social care teams in order to make payments where it has not been possible to use ContrOCC. These include purchase orders, invoicing plans, CHAPS payments, and cash, increasing the risk of duplicate payments and reducing oversight of spend against each child. It was also reported to Internal Audit that, at the time of testing, a large backlog of invoices was outstanding. It has been reported that additional resource has been directed to this area from within the Payments Team, as well as recruiting two temporary members of staff, and significant progress is being made in investigating and processing the required payments.

There is currently no routine management information or exception reporting to indicate how well the system is performing, and controls previously reported as implemented following the foster carer overpayment fraud identified in 2018 have not been implemented effectively, meaning since ContrOCC went live there has been no active review of foster carer payments being made. The data integrity issues highlighted are also having a knock-on effect on the accuracy of budget monitoring, which relies on placement costs recorded on ContrOCC for baseline figures. It has been reported that work has started to design and deliver financial control reports. This has also been identified as a key deliverable of the Children’s post project LCS Group.

It is acknowledged that the Finance Functions Project, due to be delivered in May 2020 but which was paused in March due to COVID-19, would have covered a number of the issues noted in relation to gaps in responsibility and process. One of the aims of this project being to centralise all activity related to payments and care package recording across children’s and adults into one service. This centralisation is intended to support the standardisation of financial, contractual and system controls. Once the project re-starts, actions agreed within the audit report will contribute to the achievement of some of the project’s objectives.

Business Continuity Follow Up 2019/20

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	13 May 2020	
Total: 13	Priority 1 = 1	Priority 2 = 12
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	13	

The 2018/19 audit of Business Continuity Planning, graded Red, identified key weaknesses in areas including maintenance of documented plans, governance arrangements, clarity over roles and responsibilities, guidance and training, risk

management and management reporting. A follow up audit was completed in the fourth quarter of 2019/20 to review the effectiveness of the implementation of the actions agreed following the previous audit.

This follow up audit has taken place just over a year after the completion of the previous audit. Overall, it has been possible to evidence that significant progress has been made in the area of business continuity in the past 12 months, although some areas remain where further action is required.

Overall Conclusion

It is noted and has been confirmed from the follow up testing undertaken on this audit, that significant progress has been made in improving key areas of weakness identified in the 2018/19 Business Continuity Planning audit.

It should be noted that this follow up review began in January 2020 with the fieldwork being completed in the first week of March 2020. During this timescale, the Council and the rest of the world have been impacted by the coronavirus (COVID-19) outbreak. We fully acknowledge that the improvements to business continuity made in the last 12 months has put the Council at an advanced state of preparedness. In particular the work undertaken on business continuity in preparation for a potential “no deal Brexit” has improved the profile of business continuity within the organisation and the robustness and accessibility of plans in place. The considerable efforts that have been made during this period, primarily the work undertaken by the corporate team has put the Council in a better position. In the response to covid-19, the Council has demonstrated with speed and agility that it can adapt to new ways of working and continue to provide key services.

On the basis of the progress made and evidenced during the follow up audit, our overall conclusion is now **Amber**, although it should be noted that some of the previously agreed actions have not been fully completed e.g. testing of plans. We further acknowledge the considerable work currently being done at a practical level, in regard to coronavirus, and the increased awareness of business continuity across the Council. The proposed management actions must therefore be looked at in context to the current incident and be addressed, and potentially re-examined, after the crisis is over.

Of the eleven actions agreed in 2018/19, audit testing has confirmed that five have been fully and effectively implemented, five are partially implemented with one not implemented. Where further improvements are required as implementation has not been fully effective, some additional management actions have been agreed as part of the 2019/20 report to enhance existing controls.

Pensions Administration 2019/20

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
A: Regulatory Framework	G	0	0
B: Scheme Member Lifecycle	G	0	1
C: Scheme Employers	G	0	0
D: Debtor Management	A	0	1
		0	2

Opinion: Green	18 May 2020	
Total: 2	Priority 1 = 0	Priority 2 = 2
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	2	

Since the previous audit, it is noted that the Improvement Plan, agreed with the Pensions Regulator to address delays in the issuing of annual benefits statements in previous years has been signed off, with performance now significantly improved and at the required level. The team was able to issue 99.6% of Annual Benefits Statements for the 2018/19 financial year by the regulatory deadline.

Although some delays in completion of scheme member lifecycle tasks were noted from sample testing completed during the audit, this is in line with that expected from the team's performance reporting. Performance is being monitored and reviewed on a monthly basis within the team and being reported on quarterly to the Pensions Fund Committee. Temporary amendments to performance targets were agreed for the 2019/20 financial year, acknowledging the expected impact of staffing shortages and the implementation of new processes and systems on the team. From the testing undertaken during the audit, it was noted that performance reported met the amended targets for the majority of tasks. As of the start of January 2020, performance targets are back to the original levels.

There have been delays in the implementation of the Administration to Pay Process which aims to increase the efficiency of pensions administration processes by automating the flow of information from the pensions administration part of Altair to the pensions payroll part of the system. Delays were due to problems with code mapping which had to be referred back to the developer. It is understood that these issues have now been resolved and the system is on track to be implemented by the end of July 2020.

Progress has also been made in implementing the I-connect system. This system replaces the MARS data return process, enabling employers to upload data directly into Altair. The I-connect system aims to improve efficiencies in terms of data collection and checking. Transfer of employers from MARS to I-connect has been phased and it is expected that the remaining scheme employers will be transferred over to I-connect by the end of August 2020.

Further progress is required in developing debtor management and debt recovery processes. Whilst there have been a number of discussions on potential processes over the year, pensions debts are not currently being actively pursued. It is noted that there has been some progress with the review and follow up of overpayments identified in relation to the last NFI round, with ongoing liaison with the OCC Counter Fraud team.

Follow Up

Of the six actions agreed as part of the 2018/19 audit, testing undertaken as part of this audit has found that 4 actions have been fully and effectively implemented, 1 action has been reported as fully implemented, but no testing has been completed on the effectiveness of implementation. There is 1 action (covering debt recovery processes for Pensions debts) that has not yet been fully implemented.