

Essex County Council

Internal Audit and Counter Fraud

Annual Report

2019/20



Including Chief Audit Executive Annual Opinion

June 2020

Distribution:

- Audit Governance and Standards Committee
- Leader of the Council
- Cabinet Member for Finance
- Chief Executive
- Executive Director for Corporate and Customer Services
- S151 Officer
- Corporate Leadership Team

Introduction

Purpose of Annual Report

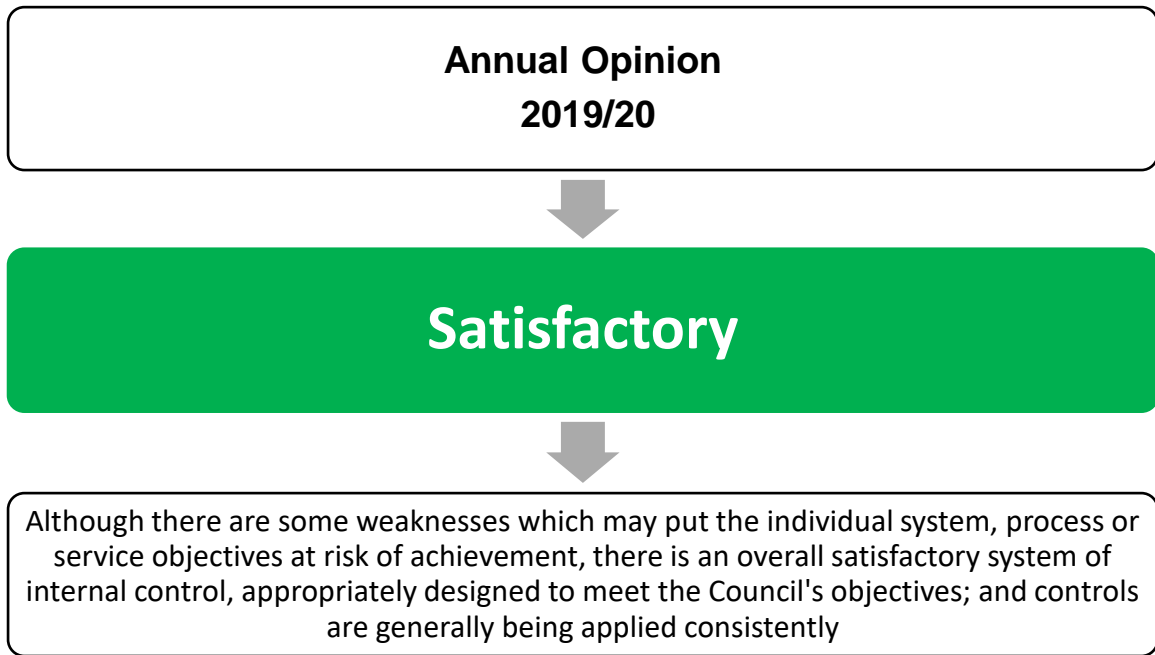
The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective internal audit service in accordance with proper practices. The UK Public Sector Internal Audits Standards (PSIAS) requires that the Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Annual Internal Audit Opinion must conclude on the overall adequacy and effectiveness of the organisation's control environment (framework of governance, risk management and internal control).

The Audit Governance and Standards Committee, as those charged with governance, are collectively responsible for ensuring adequate controls are in place across the Council and so, whilst the work of Internal Audit and Counter Fraud is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources within the Council from which the Section 151 Officer and Members should gain assurance, for example Service Assurance Statements and audits/inspections by external bodies.

Annual Opinion

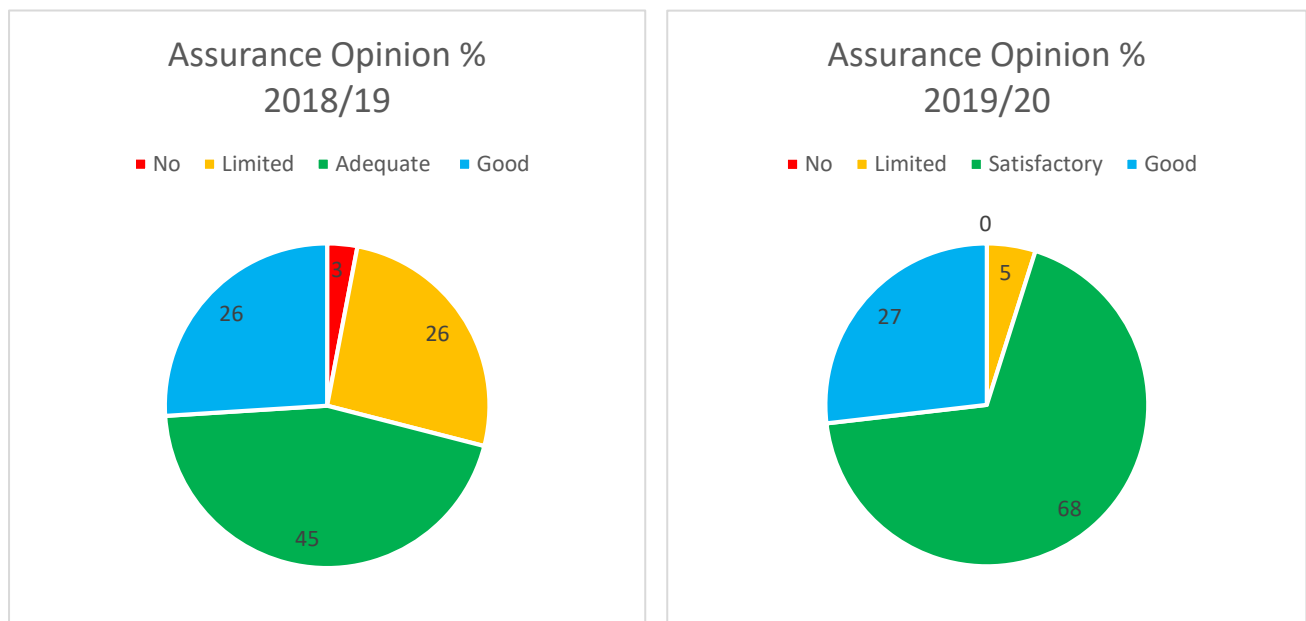
In March 2019 the Audit Governance and Standards (AGS) Committee approved the 2019/20 risk-based Internal Audit and Counter Fraud Plan. Progress reports on delivery and outcomes have been provided to the AGS Committee quarterly throughout 2019/20.

This annual report provides an oversight and summary of the Internal Audit and Counter Fraud activity undertaken in the financial year 1 April 2019 to 31 March 2020. My audit opinion is based on, and restricted to, the work we have performed during the year. The opinion does not imply that Internal Audit and Counter Fraud have reviewed and commented on all risks and assurances related to the Council. I have considered whether there has been any impact of Covid-19 in my ability to reach this year's annual opinion; however I am satisfied that I have sufficient evidence to reach an unqualified opinion. Appendix 1 provides more detail on which individual audit reviews have been delayed as a result of Covid-19.



The assurance opinion of “Satisfactory” is the same as the prior year’s opinion, demonstrating that the control environment has remained stable, but with a **positive direction of travel**, with a lower percentage of Limited and No Assurance opinions and a higher percentage of Satisfactory Assurance opinions compared to the prior year.

The pie charts below show the range of individual assurance opinions given over the past two financial years (expressed as a percentage) on which we have based our overall annual opinion:



A summary of our audit opinions on finalised and draft reports is detailed below and an explanation of the basis of our opinions, assurance and risk ratings for these reviews is included in Appendix 2. In addition, a full breakdown and reconciliation of the 2019/20 Internal Audit Plan can be found in Appendix 1.










Overview of Internal Audit Activity from 1 April 2019

No		
Limited	Shorefields School	IT Major Incident Management – Follow Up
Satisfactory	Little Waltham School	Great Easton School
	Mersea Island School	Counter Fraud Service
	Langenhoe Primary and Pre School	General Data Protection Regulation (GDPR) Governance
	Office 365 Implementation	South East Local Enterprise Partnership (SELEP)
	Supplier Resilience	Country Parks - Income
	Statutory Reporting	Facilities Management – Follow Up Review
	Risk Management Maturity Assessment – Follow Up Review	Deprivation of Assets/Deferred Payments (Adult Social Care)
	Insurance	Building Security
	Complaints	Client Contributions (excluding direct payments)
	Procurement	Schools - Income
	Cyber Security	Coroners
	Brightlingsea School	Ford End School
	Budget Setting and Medium Term Financial Planning	Identifying Deliverable and Desirable Savings
	Technology Services – Change Management	Oracle Integrated Assurance (see Table below)*
	Passenger Transport Entitlement	Decision Making
	Schools – Year End Balances	Carbon Reduction Efficiency Scheme
	Essex Pension Fund - Administration	Essex Pension Fund – Funding and Investments
Good	Strategic Workforce Planning	
	Adult Social Care Payments	ECC Companies – Follow Up Review
	Trading Standards	Fees and Charges

* Those reports marked with an asterisk are currently in draft (i.e. not finalised) but the overall opinion is not expected to change. **Those reports in bold are not yet issued in draft and are an indicative opinion.**

Oracle Integrated Assurance – Assurance Opinions

Included in the above Table of Audit Opinions is the Oracle Integrated Assurance review which received an overall opinion of Satisfactory Assurance. This can be further broken down into the following key fundamental processes:

Process	2018/19 Opinion	2019/20 Opinion	Direction of Travel
Accounts Payable (AP)	Adequate	Good	
Accounts Receivable (AR)	Limited	Limited*	
General Ledger/Journals and Virements	Adequate	Satisfactory*	
Reconciliations	Adequate	Satisfactory*	
Payroll	Adequate	Satisfactory	
Cash Receipting and Banking	Adequate	Included in AP and AR	
Expenses	Adequate	Good	
Approvals Management Engine (AME)	Adequate	Good	
Change Management	Adequate	Satisfactory	
Access and Security	Good	n/a	
Overall	Adequate	Satisfactory	

Accounts Receivable has received a Limited Assurance opinion for the last two financial years. Whilst there has been close oversight of debt management and a sustained focus on improving collection processes and outcomes, supported by senior management and Members, it has been acknowledged by management that

throughout 2019/20 the income recovery processes have needed further improvements as, in particular, the current IT systems do not have some key functionality to provide consistent, timely and easy to produce assurance over the end-to-end debt collection process and to be able to demonstrate full compliance with the Debt Collection Strategy.

Risk Management

The Public Sector Internal Audit Standards (Standard 2120) require the internal audit activity to evaluate the effectiveness and contribute to the improvement of risk management processes. Internal Audit gathers the information to support this assessment during multiple engagements including a specific Risk Management assignment.

In 2019 PricewaterhouseCoopers (PwC) were commissioned to conduct a high-level review of the maturity of the Council's risk management arrangements, practices, and capability. ECC's risk management procedures were benchmarked against the Association of Local Authority Risk Managers' (ALARM) National Performance Model for Risk Management in Public Services; and in July 2019 the review concluded that on a maturity scale of 1 to 5, the Council generally scored at a level 3, meaning that the fundamental building blocks for risk management are in place and working adequately, but there are clear opportunities to enhance maturity through:

- further embedding risk management activity into ongoing management;
- more actively and demonstrably using risk management in planning and decision making; and
- better equipping staff to manage risk well.

These improvements would also help the Council more clearly understand and demonstrate how risk management contributes to successful outcomes.

In 2020, a follow up review was undertaken by the in-house Internal Audit team which concluded that satisfactory progress had been made in implementing the agreed recommendations and that it could be evidenced that insight from the PwC review had informed the refresh of the Council's risk management approach. ECC's Audit Governance and Standards Committee approved the Council's new Risk Management Strategy in September 2019.

No Assurance and Limited Assurance Audits

I have not issued any No Assurance opinions in the 2019/20 financial year.

Two reviews received an overall opinion of Limited Assurance (compared to nine for 2018/19) and are detailed below.

IT Major Incident Management

A Limited Assurance report was issued in March 2019 regarding major incident management. The follow up review concluded in May 2020 that limited progress had been made in implementing the original recommendations with three Major recommendations still requiring further action to fully implement.

Shorefields School

At the time of the review the school had experienced significant staff changes within the finance function, with some key tasks not being completed promptly. The school were experiencing a very tight budget position, with an in-year projected deficit due to the majority of staffing cost centres predicting an overspend and the income received being lower than originally planned for. These issues were being addressed with additional support from an external company and improved processes being implemented.

In addition to the above Limited Assurance opinions, although no formal reports in relation to IT Disaster Recovery and Absence Management were issued in the 2019/20 financial year, the following is worthy of note and was taken into account in reaching my overall opinion:

IT Disaster Recovery

In September 2017, Internal Audit issued an adverse report on IT Disaster Recovery (DR). Due to a range of commercial, business and technical challenges, the required actions to mitigate some of the Major and Critical risks identified have been delayed and Technology Services (TS) have indicated that these will be implemented during 2020/21. The Audit, Governance, and Standards Committee have received regular

updates from TS during 2019/20 on progress and the residual risks in respect of disaster recovery that the Council faces until the required actions are complete.

The Council has introduced new technology (e.g. rolling out Office 365 to all staff) which has increased operational resilience to some degree and reduced some, but not all, disaster recovery risks. Migration of 'personal drives' to resilient cloud technology is approaching completion and significant progress has been made on the resilience of Corporate file data as a copy is now replicated in Microsoft Azure. More infrastructure and data centre improvements which will deliver the fundamental required disaster recovery capability are planned for 2020/21, and Technology Services has revisited the Cloud design and improved the provision of DR by including a second data centre within the UK.

Some key actions are dependent on the completion of ECC's Strategic Business Impact Analysis (SBIA) exercise to determine the Council's critical services and the technology needed to deliver them. The results of the SBIA are needed to inform many of the future actions and may require further revision of technical design, continuity and recovery plans.

Absence Management

The Limited Assurance opinion from the prior year (2018/19) has been rolled forward into the 2019/20 financial year as limited progress has been made in addressing the outstanding recommendations and implementation is predicated on the introduction of Oracle Fusion Cloud in 2021 and the expectation that the new Enterprise Resource Planning (ERP) system will demonstrate better functionality and oversight.

Grants

We provide audit services in relation to certifying some grant claims where this is a requirement of the grant terms and conditions and/or we are a designated First Level Controller. Grants audited in 2019/2020 include:

- **Troubled Families**
Department for Communities and Local Government (DCLG) payment by results scheme to help troubled families turn their lives around. The DCLG require that 10% of claims are internally audited
- **School Centred Initial Teacher Training (SCITT) Grant** – payment of bursaries to newly qualified teachers
- **Interreg – Professional framework For Innovation in Tourism**
- **Interreg – Co-creation and implementation of innovative, participative climate adaptation solutions in densely-built areas**
- **SELEP Growth Hub**
- **Carbon Reduction Commitment Energy Efficiency Scheme**

In 2019/20 we continued to maintain oversight of Broadband Delivery UK (BDUK) through the monitoring and review of quarterly performance reports with each quarterly grant claim and annual return also reviewed by Finance and signed-off by the S151 Officer.

Unplanned Reviews

During the year we carried out some unplanned internal audit reviews usually in response to a previously unidentified risk or concern and these are detailed below.

- **Housing Infrastructure Fund**

The review assessed whether there are robust processes to forecast and manage costs and delivery of the HIF grant funded projects to ensure that the risks of cost overruns are promptly identified, communicated, and effectively mitigated. The interim audit concluded that the HIF programme and project governance arrangements are broadly satisfactorily designed and consequently recommendations mainly focused on the operation of these arrangements, with further internal audit work to be timed at key stages throughout the lifecycle of the HIF.

- **Energy Invoicing Processes and Procedures**

The objective of this review was to assess whether there are efficient and effective energy invoice processes to ensure that all invoices paid on behalf of ECC are appropriate to the volume of energy used, the supply contract terms and all other requirements, to minimise future instances of incorrect payments and missing payments and improve service delivery. At the time of writing this report, this review has not yet been finalised.

- **M11 Junction 7A Business Case Costing**

Internal Audit reviewed the circumstances around the increased project cost for the M11 junction 7A work between the Outline Business Case approved by Cabinet in November 2017, and the proposed Final Business Case that was deferred by Investment Board in October 2019. Recommendations were made to strengthen the process and improve reporting for future projects.

Projects and Programmes

Internal Audit and Counter Fraud have been involved in supporting a number of key corporate projects during the year, to help ensure that appropriate control systems are in place during design, transition and implementation, and that these controls are proportionate to financial cost and risk. These projects include:

The Corporate Systems Project

This is an ongoing project to move our core financial systems (including Accounts Receivable, Accounts Payable, Procurement, General Ledger, HR and Recruitment) to Oracle Fusion Cloud in 2021. At the time of writing ECC are at the Advisory Stage of the project which involves a high level assessment of the solution, identifying system gaps and business impacts.

Direct Payments Monitoring Team

The Council's Design Authority approved the setting up of a new direct payments monitoring team for Adult Social Care in 2019. Internal Audit & Counter Fraud have supported the design and induction of the new team and will continue to do so in

2020/21 as a key control in ensuring direct payment funds are being spent correctly in accordance with care and support plans, that service users have a better experience of direct payments and that we are legally compliant with the Care Act.

Income System

Internal Audit supported the project to replace the Council's cash management system (PARIS) with a new payments system, Capita Pay360 in early 2020.

Fostering Portal

Internal Audit provided advice and guidance on internal controls to the Children, Families and Education Function as part of developing the business requirements for a new Fostering Expenses & Carer Recording System which is expected to be implemented in 2020.

Covid-19

Internal Audit & Counter Fraud provided advice and guidance on internal controls and governance arrangements, in particular to Adult Social Care, to get funds quickly to our suppliers to support their cashflow during the Covid-19 pandemic.

In addition, we advised on the control framework around ordering laptops from the Department for Education, receiving them at County Hall, distributing them to schools or to the various quadrants and then onwards via a social worker to the child.

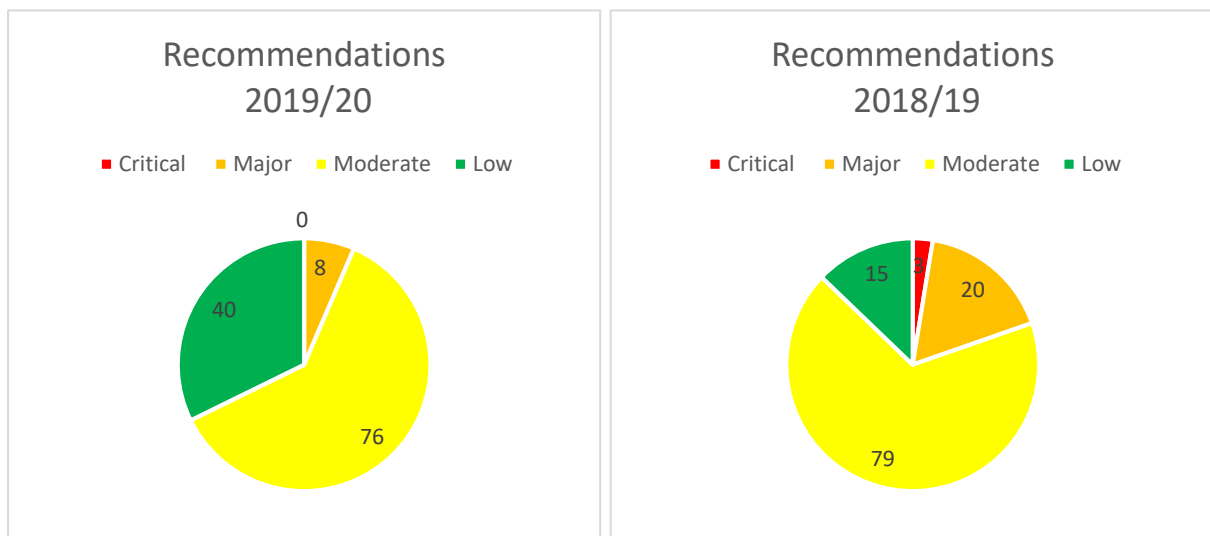
Internal Audit & Counter Fraud also provided advice on policies and procedures to allow volunteers to purchase and deliver shopping to those shielding and vulnerable especially the payment arrangements and volunteer food delivery guidance.

The Counter Fraud Team provided fraud alerts, advice and guidance to the supplier maintenance team and procurement, reminding all staff to be vigilant due to the heightened risk of fraud in these areas.

Internal Audit Recommendations

One measure of the effectiveness of Internal Audit is the extent to which recommendations made by them are subsequently implemented. Tracking of Internal Audit recommendations takes place regularly, with monthly emails being sent to Recommendation Owners to request status updates which they provide directly via a web-based system.

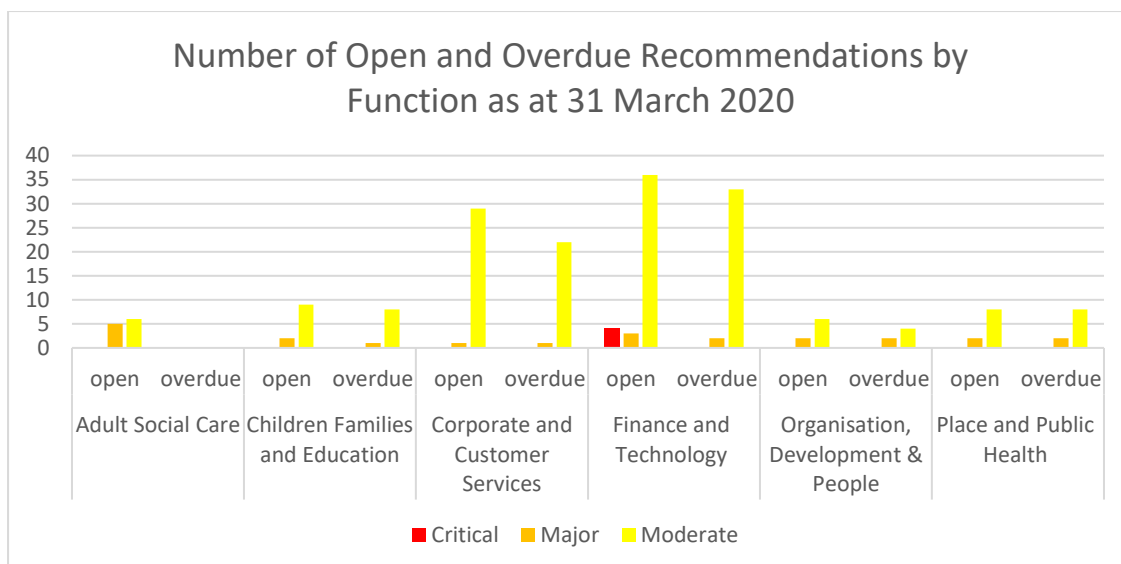
Recommendation Ratings issued in 2019/20 compared to 2018/19



Number of Open and Overdue Recommendations by Function

The Audit Governance and Standards Committee closely monitor outstanding recommendations and where unsatisfactory updates or lack of progress is noted, invite recommendation owners and their senior managers to committee meetings to explain; in the 2019-20 financial year representatives from Adult Social Care and Technology Services attended.

Summary reports on outstanding and overdue recommendations are also presented to the Corporate Leadership Team via a Quarterly Assurance report and the Corporate Governance Steering Board receive quarterly KPIs on overdue recommendations.



NB Overdue recommendations are shown based on the *latest* target implementation date which is not necessarily the same as the *original* target date.

Overview of Counter Fraud Activity

ECC has a dedicated Counter Fraud Team who work alongside the Internal Audit Team and report to the Head of Assurance. The Counter Fraud Team are responsible for detecting and investigating a range of fraud matters including those committed by residents, staff and contractors. In addition, a programme of data analytical and data matching work is completed by the Counter Fraud Team.

Referrals

Referrals come from a range of sources including ECC staff and managers, internal and cross organisation data-matching (including the National Fraud Initiative), external bodies, and the general public. Not all referrals lead to cases being set up and some referrals are forwarded to third parties, e.g. the respective district, borough or city council within Essex, for their investigation.

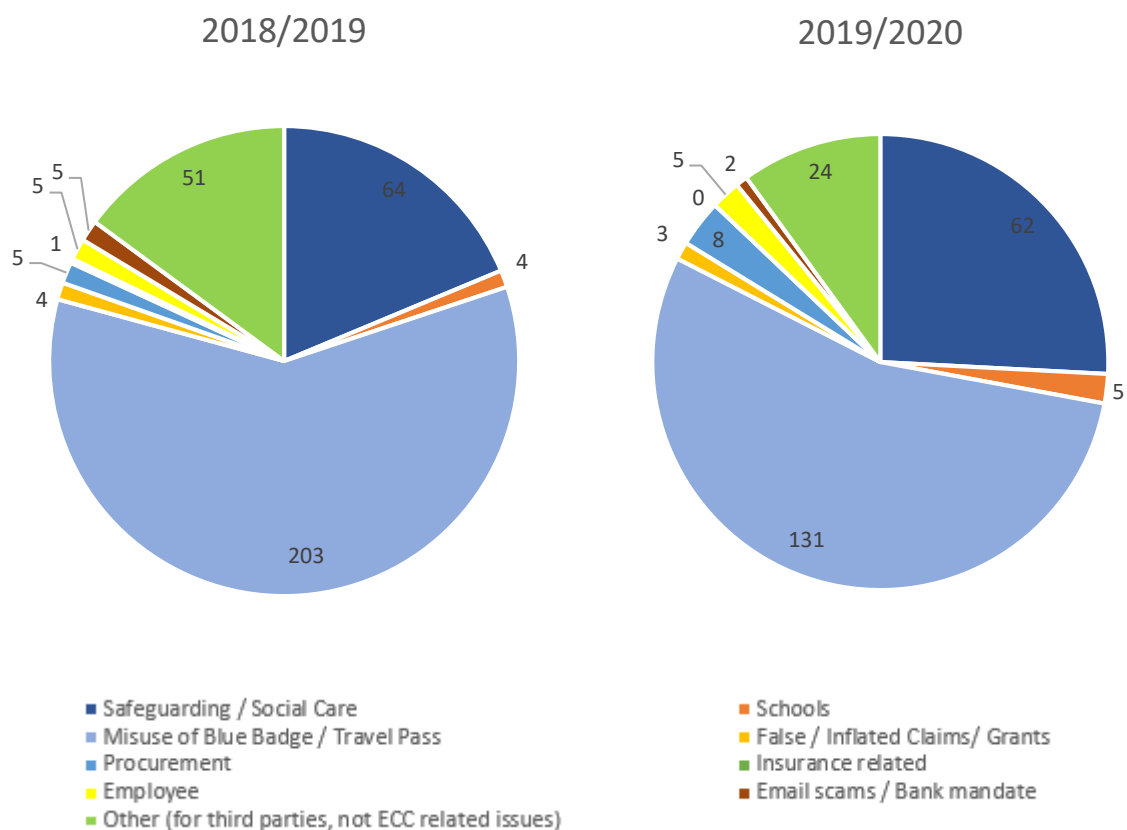
The table below demonstrates the source of referrals, compared with those received last year.

Source of Referral	2018/19	2019/20
Web referrals	54	42
Blue Badge - Parking Enforcement Officers	54	36
Blue Badge - Other authorities	23	20
Blue Badge - Members of Public	115	59
Internal - Employees	92	83
Total Referrals	338	240

The charts below show the type of referrals received and provides a comparison with the previous year. During 2019/20 we have seen a slight decrease in the number of referrals relating to blue badge misuse, consistent across all areas, which may be as a result of amendments to the legislation, extending the criteria for eligibility for a blue badge.

Referrals in other areas have remained broadly consistent with other years.

Type of referrals received 2018/19 vs 2019/20



Programme of Data Matching & Analytical Work

Cifas - During 2019/20 the Counter Fraud Team have participated in a data matching pilot run by the Credit Industry Fraud Avoidance System (Cifas). We have uploaded data sets relating to adult social care, ECC pensions and insurance claims to match against known instances of fraud and the General Register Office (GRO) deceased listing. Although very few instances of known fraud were identified, several matches between ECC data and the GRO deceased listing were identified. Following further investigation, ECC have been able to update their records and prevent further payments being made to these client groups and improve overall data quality in the payment system.

NFI Fraud Hub / NFI Mandatory biennial exercise - At the end of March 2020, ECC subscribed to the NFI Fraud Hub to enhance the national data matching currently in place. Data sets can now be submitted for matching against mortality lists on a fortnightly basis. This increased level of data submission / investigation of resultant matches will reduce the risk of erroneous payments being made and remedial action to recover instances of overpayment.

The next mandatory NFI exercise is due to commence in Autumn 2020.

Essex Council Tax Data Matching Initiative - ECC is supporting an Essex-wide data matching project that involves all councils providing data to ensure that income received from council tax is maximised. ECC provides data sets to support the data matching which is now undertaken on a monthly basis and the Counter Fraud Team provides support to districts in dealing with the output. Total cumulative savings recorded as at 4 March 2020 (from July 2017) are £1,840,811.

Internal Data Matching / Data Analysis - the Counter Fraud team now includes a Data and Intelligence Specialist. Data matching / analytical work has been completed in payroll, staff expenses and adult social care, direct payments.

Outcomes

There are a range of potential outcomes after a case has been investigated. Clearly not all matters that come to our attention will have been caused by fraudulent activity. However, when evidence shows wrongdoing or criminal activity we will apply appropriate sanction whether that is disciplinary, prosecution or recovery of monies (or a combination of these). The table below shows our sanction activity during 2019/20 and financial recovery.

Sanction Activity	2019/20
Prosecution	3
Disciplinary Action	3
Monies Recovered	£162k
In Recovery	£133k
Future Losses Prevented	£217k

Prosecutions

During 2019/2020 3 cases progressed to prosecution with successful outcomes achieved for ECC. All cases were prosecuted under S21 (4B) of the Chronically Sick & Disabled Persons Act 1970.

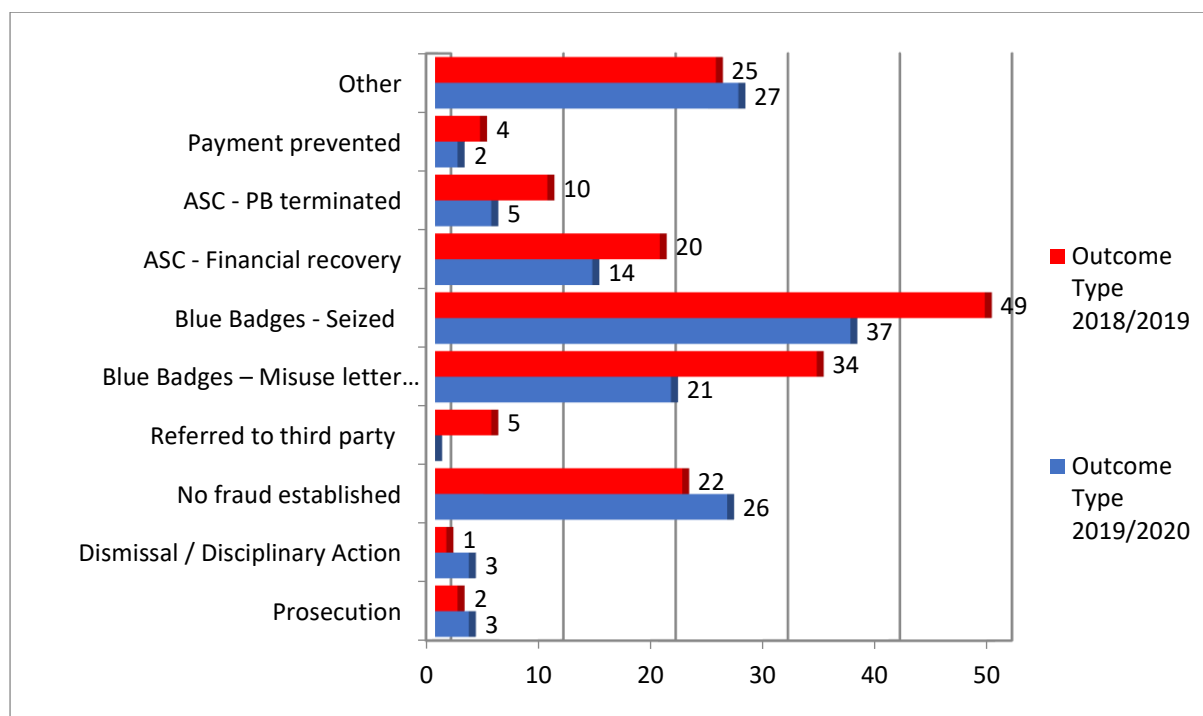
All 3 cases related to the misuse of a Blue Badge where the badge holder was deceased and the perpetrator was not eligible for a concessionary badge. In 2 cases the blue badge had been reported stolen.

In all cases the culprit pleaded guilty to the offence and received a fine and ordered to pay towards council costs.

Counter Fraud Outcomes

The chart below compares our counter fraud outcomes with the previous year. Outcomes are fairly consistent with previous years although we have seen a slight decrease in the number of blue badges seized and misuse letters issued which is consistent with the decrease in the number of referrals in this area.

Counter Fraud Outcomes 2018/19 vs 2019/20



Effectiveness of Internal Audit and Counter Fraud

Compliance with the Public Sector Internal Audit Standards

The Head of Assurance must confirm annually that the internal audit function conforms with the Public Sector Internal Audit Standards (PSIAS). In line with the PSIAS and reflected in our quality assurance and improvement programme, external assessments must be conducted at least once every five years by a qualified, independent assessor from outside the organisation. Our last external assessment was carried out by the Chartered Institute of Public Finance Accountancy (CIPFA) in February 2018 and concluded that “the service is highly regarded within the Council and provides useful assurance on its underlying systems and processes.”

A self-assessment was carried out in March 2020 which concluded that in all material aspects the internal audit function complies with the Standards.

Compliance with the CIPFA Code of Practice for Managing the Risk of Fraud

In March 2020 the Council’s counter fraud arrangements were assessed against the CIPFA Counter Fraud Code of Practice by using the CIPFA self-assessment tool. A

set of 68 statements of performance are graded to provide an overall summary of the Council's position. The assessment is divided into 5 main areas:

- Acknowledge Responsibility
- Identify Risks
- Develop a Strategy
- Provide Resources
- Take Action

As a result of the assessment, and having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Independence and Objectivity

I can confirm that during the 2019/20 financial year that the internal audit activity has been free from interference in determining the scope of internal auditing, performing work and communicating results.

In addition, I have achieved organisational independence by reporting functionally to the Audit Governance and Standards (AGS) Committee. Examples include the AGS Committee approving the Internal Audit Charter and the Risk Based Internal Audit Plan and the Section 151 officer approving whether services in Assurance should be subject to internal audit during a particular year.

Qualifications of the Internal Audit and Counter Fraud Team

As the Head of Assurance I have assessed the qualifications of the Internal Audit and Counter Fraud Team and I can confirm that all staff hold an appropriate professional qualification or are qualified through extensive experience.

Customer Satisfaction

Feedback is received through Customer Satisfaction Surveys issued at the end of each internal audit review. The survey canvasses the auditee's opinion on the following areas:

- Professionalism of Internal Audit staff
- Scope of the audit
- Execution of the audit
- Accuracy / timeliness of reporting
- Value of the audit

In 2019/20, we had a very low completion rate with only 5 surveys returned, however, **100%** of customers expressed satisfaction with all aspects of the service they received. Any concerns raised by auditees are followed up by the Strategic Audit Manager. We plan to change the way we seek feedback in 2020 and it is hoped that this will encourage a better number of surveys to be returned.

Appendix 1

Internal Audit and Counter Fraud Plan 2019/20 - Reconciliation

✓ = completed i.e. final and/or draft report issued





Internal Audit Activity	Status as at 18 June 2020
Finance and Technology	
Key Financial Systems	✓
Budget Setting and Medium Term Planning	✓
Fees and Charges	✓
Programme and Project Management	On hold due to Covid-19, will be resumed at earliest opportunity.
Technology based Portfolio, Programme and Project Management	Combined with Programme and Project Management Audit
IT Major Incident Management	✓
Office 365 Implementation	✓
IT Disaster Recovery	Regular updates on progress provided to AGS Committee during the year. Full review planned for 2020-21
IT Change Management	✓
Cyber Security	In progress
Corporate and Customer	
Risk Management	✓
Supplier Resilience	✓
Procurement	Fieldwork in progress – indicative opinion - Satisfactory
Decision Making Process	✓
GDPR Compliance	✓
ECC Companies	✓
Health and Safety	Fieldwork in progress
Insurance	✓
Counter Fraud	✓
Coroners	✓
Telephony System	Combined with Programme and Project Management Audit
Complaints	✓
Essex Pension Fund – Administration	✓
Essex Pension Fund – Funding and Investments	✓
Children Families and Education	
External Fostering Framework	ECC's preference is to use internal foster carers wherever possible. Audit was cancelled as lower risk than initially anticipated.

Internal Audit Activity	Status as at 18 June 2020
Childrens Residential Framework	Carried forward to 2020-21 due to a delay in the framework being put in place.
Unaccompanied Asylum Seekers	Fieldwork in progress, delayed due to Covid-19, will be completed at earliest opportunity
No Recourse to Public Funds	Initial scoping meeting indicated very low numbers of no recourse to public funds now due to extensive work with the Home Office. Area was therefore deemed lower risk than was initially thought. Approved by Audit Committee in January 2020 to cancel.
Troubled Families	✓
Pre-Birth to 19 Health, Wellbeing and Family Support Service	✓ (Assurance framework updated – no formal opinion issued this year)
Direct Payments	✓ Ongoing support provided via workshops in relation to reshaping ECC's current arrangements. No formal report issued
Schools - Income	✓
Schools - Establishment Reviews: <ul style="list-style-type: none"> • Great Easton School • Brightlingsea School • Mersea Island School • Little Waltham School • Ford End School • Shorefields School 	✓ ✓ ✓ ✓ ✓ ✓
Special Educational Needs and Disability (SEND)	The review was cancelled due to a joint OFSTED/CQC Inspection that took place during the year which we were able to place reliance on instead.
School Year End Balances	✓
Schools Financial Value Standard (SFVS)	✓ Largely completed when DfE stated that due to Covid-19 the return was no longer required to be submitted to them.

Internal Audit Activity	Status as at 18 June 2020
Organisation Development and People	
Staff Performance Management	Agreed to defer until 2020/21 at the AGS Committee in January 2020 due to an insufficient body of evidence as a result of fundamental changes to the performance management framework
Essex Pay	Delayed until 2020/21 – currently scoping the audit
Strategic Workforce Planning	In progress - indicative opinion is Good Assurance
Absence Management	Rolled forward the Limited Assurance opinion given in 2018/19 as limited progress has been made in implementing the recommendations made, due to awaiting the introduction of a new ERP system in 2021.
Place and Public Health	
Country Parks - Income	✓
Trading Standards	✓
Essex Highways	Assurance taken from the extensive work carried out by external consultants to support the contract extension decision.
Public Health	Previous Internal Audit report was issued in May 2019 and received Good Assurance. Decision taken to roll this assurance forward for 2019/20 and not carry out an additional piece of work in this area due to Covid-19.
Building Security	✓
Waste Management	On hold due to Covid-19, work will resume at earliest opportunity.
Carbon Reduction Commitment Energy Efficiency Scheme (CRC)	✓
Adult Social Care	
Carers' Personal Budgets Personal Budgets	Agreed at the January 2020 AGS Committee that these audits would be combined and deferred to 2020-21
Continuing Health Funding	Fieldwork commenced but has been delayed due to Covid-19, will resume at earliest opportunity.

Internal Audit Activity	Status as at 18 June 2020
Day Opportunities Framework	Watching brief carried out in 2019/20 on how operational risk is managed and lessons learned from the existing framework. To revisit in 2020/21 to provide assurance over how the new arrangements are working
Client Contributions	✓
Better Care Fund	Audit has been delayed due to Covid-19. However, this area has received Good Assurance annually in recent years
Adult Mental Health Services	✓ This was to keep a watching brief on developments within the service. No formal report was intended to be issued.
Deferred Payments/Deprivation of Assets	✓
Management Information/KPIs	Agreed at January 2020 AGS Committee to defer to 20/21 when the new framework will be more embedded
Short Term Enablement Support	Assurance taken from external consultants multi agency and extensive diagnostic work that was commissioned during the year
Quality Assurance Framework	Audit has been delayed due to Covid-19 and will restart at earliest opportunity.

Explanation of Assurance and Risk Priority Levels

Assurance level		Assessment Rationale	
Good		There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Recommendations will normally only be of Low risk rating. Any Moderate recommendations would need to be mitigated by significant strengths elsewhere.	
Satisfactory		Whilst there is basically a sound system of control, there are some areas of weakness, which may put the system/process objectives at risk.	
Limited		There are significant weaknesses in key areas of the system of control, which put the system/process objectives at risk. Improvement in the design and/or operational effectiveness of the control environment is necessary to gain assurance that risks are being managed to an acceptable level, and core objectives will be achieved.	
No		The system of internal control has serious weaknesses and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.	
Risk Priority Level		Definition	
Corporate	Critical	 Red	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, for example, reputational damage, significant financial loss (through fraud, error or poor value for money), intervention by external agencies and / or lack of compliance with statutory regulations. Remedial action is required immediately
	Major	 Amber	Audit findings indicate a serious weakness or breakdown in the control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently
	Moderate	 Yellow	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Prompt specific action should be taken
Service	Low	 Green	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. Remedial action is suggested