

Progress report on Internal Audit Activity 2020-2021



(1) Introduction

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that a relevant authority “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The Internal Audit Service is provided by Audit Risk Assurance (ARA) under a Shared Service agreement between Gloucestershire County Council, Stroud District Council and Gloucester City Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards 2017 (PSIAS) as representing “proper internal audit practices”. The standards define the way in which the Internal Audit Service should be established and undertakes its functions. The Shared Service Internal Audit function is conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

There is a requirement under the PSIAS i.e. Standard Ref ‘1312 External Assessments’ for internal audit to have an external quality assessment (EQA) which must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The latest review was undertaken during May 2020 by the Chartered Institute of Internal Auditors (CIIA).

The EQA assessment concluded that:

“We are pleased to report that the ARA team meet each of the 64 Standards, as well as the Definition, Core Principles and the Code of Ethics, which form the mandatory elements of the Public Sector Internal Audit Standards (PSIAS) and the Institute of Internal Auditors’ International Professional Practices Framework (IPPF), the globally recognised standard for quality in Internal Auditing. There are no formal recommendations made for improvement.”

“In conclusion, this is an excellent result and the Chief Internal Auditor and the ARA team as a whole should be justifiably proud of their service, its approach, working practices and how key stakeholders’ value it.

It is therefore appropriate for the function to say in reports and other literature ‘Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing’.”

The full EQA report was provided to Audit and Governance Committee virtually in July 2020 and can be accessed [here](#).

(2) Responsibilities

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and advising the organisation that these arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council's Code of Corporate Governance and its Annual Governance Statement.

(3) Purpose of this Report

One of the key requirements of the standards is that the Chief Internal Auditor should provide progress reports on internal audit activity to those charged with governance. This report summarises:

- The progress against the 2020/21 Internal Audit Programme, including the assurance opinions on the effectiveness of risk management and control processes;
- The outcomes of the 2020/21 Internal Audit activity undertaken up to September 2020; and
- Special investigations/counter fraud activity.

GFRS Action Plan Follow Up Internal Audit activity is separately reported to Audit and Governance Committee, with the first progress report being presented to the Audit and Governance Committee on 30th October 2020.

(4) Progress against the 2020/21 Internal Audit Programme, including the assurance opinions on risk and control

The schedule provided at **Appendix 1** provides the summary of 2020/21 audits which have not previously been reported to the Audit and Governance Committee.

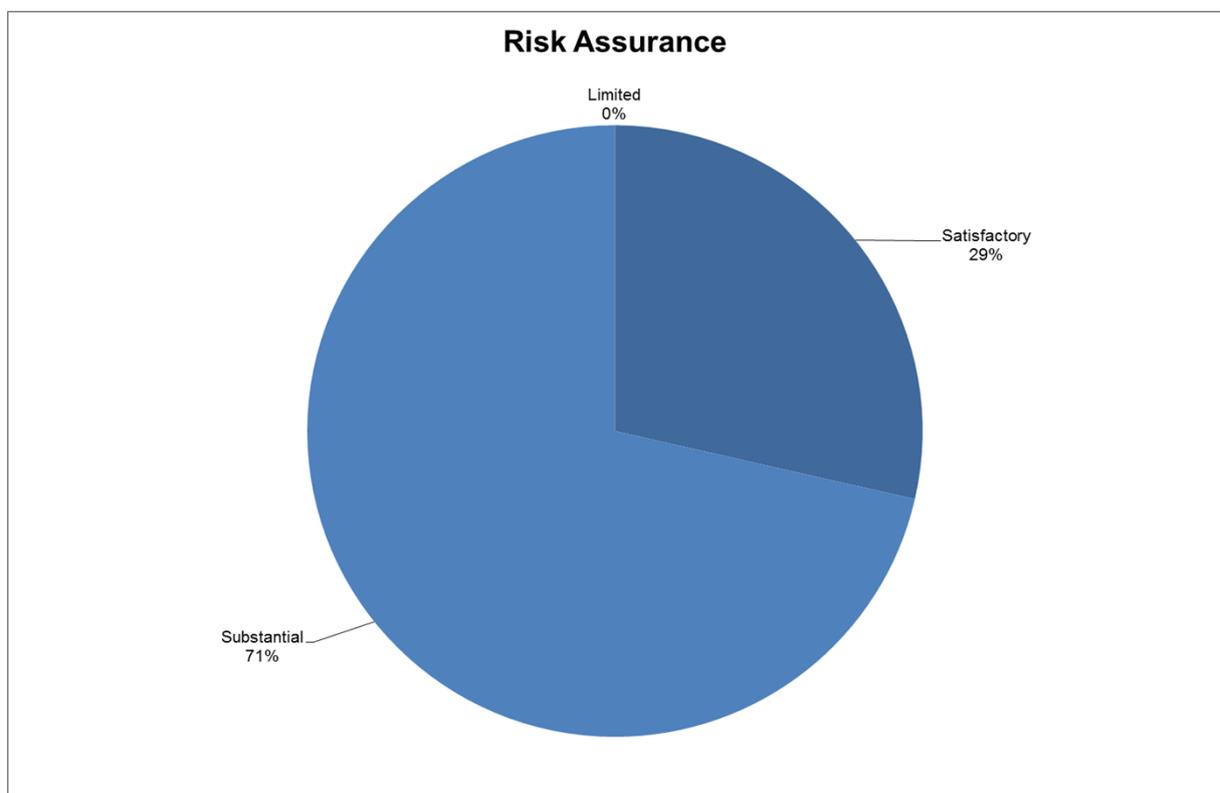
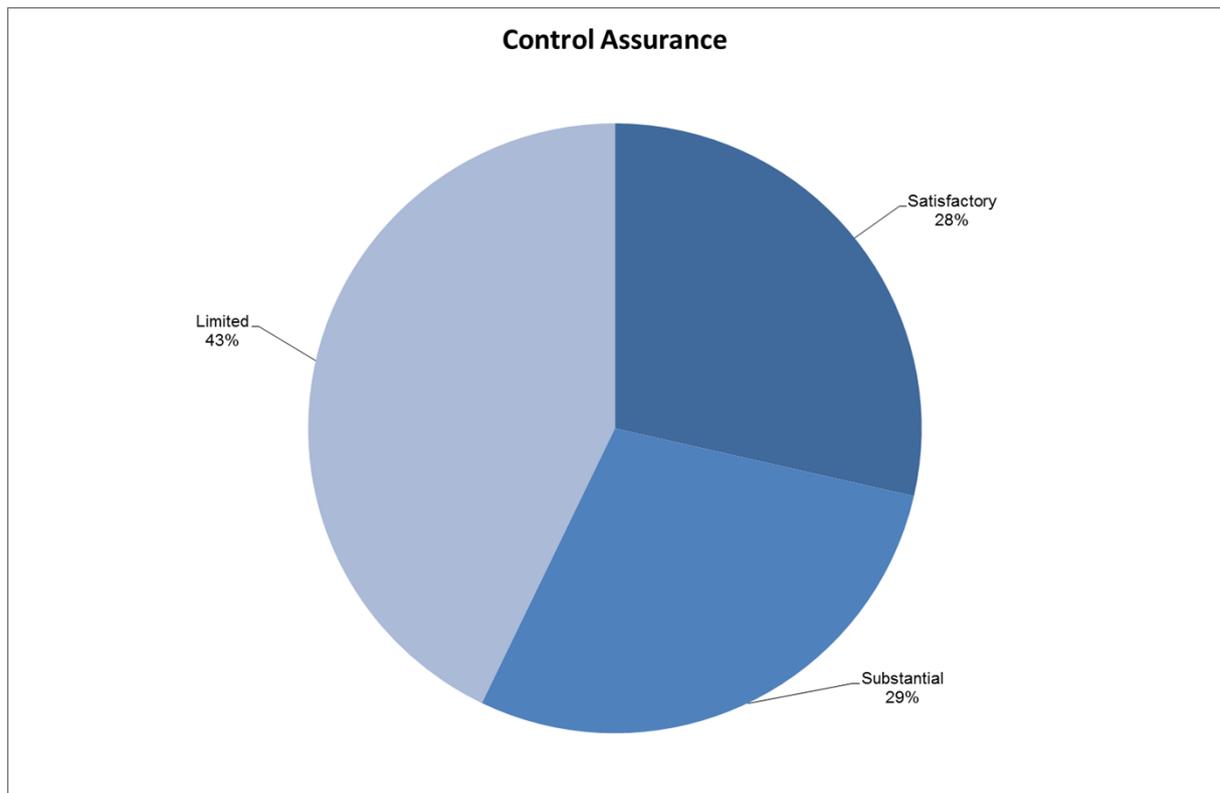
The schedule provided at **Appendix 2** contains a list of all of the audit activity undertaken during the financial year to date, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Governance Committee.

Explanations of the meaning of these opinions are shown below.

Assurance Levels	Risk Identification Maturity	Control Environment
Substantial	<p>Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Corporate Risk Management Strategy.</p>	<ul style="list-style-type: none"> • System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved • Control Application – Controls are applied continuously or with minor lapses
Satisfactory	<p>Risk Aware Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Corporate Risk Management Strategy.</p>	<ul style="list-style-type: none"> • System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger • Control Application – Controls are applied but with some lapses
Limited	<p>Risk Naïve Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Corporate Risk Management Strategy, the service area has not demonstrated a satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners and staff.</p>	<ul style="list-style-type: none"> • System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls • Control Application – Significant breakdown in the application of control

(4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The pie charts provided below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited in relation to the 2020/21 audit activity undertaken up to September 2020.



(4b) Limited Control Assurance Opinions

Where audit activity records that a limited assurance opinion on control has been provided, the Audit and Governance Committee may request Senior Management attendance to the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control

During the 2020/21 period to September 2020, three limited assurance opinions on control have been provided on completed audits from the Internal Audit Plan. These relate to Disposal of Assets, Unregulated Placements and Packages of Support (Commissioning) and Unregulated Placements and Packages of Support (Fostering) Limited Assurance Follow Up.

It is important to note that whilst limited assurance opinions have been provided, management have responded positively to the recommendations made and actions are being taken to address them.

In addition, where a limited assurance opinion is given, a follow up audit is undertaken to provide assurance that the agreed actions have been implemented by management.

(4d) Satisfactory Control Assurance Opinions

Where audit activity records that a satisfactory assurance opinion on control has been provided, where recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

(4e) Internal Audit Recommendations

During the 2020/21 period to September 2020 Internal Audit made, in total, **18** recommendations to improve the control environment, **10** of these being high priority recommendations (**100%** of these being accepted by management) and **8** being medium priority recommendations (**100%** accepted by management).

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

(4f) Risk Assurance Opinions

During the 2020/21 period to September 2020, no limited assurance opinions on risk have been provided on completed audits from the Internal Audit Plan.

Where a limited assurance opinion is given, the Council's Senior Risk Management Advisor is provided with the Internal Audit report(s) to enable the prioritisation of risk management support.

(4g) Internal Audit Plan 2020/21 Refresh (Covid 19)

Covid 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment.

Due to this changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 has been reviewed and refreshed in consultation with Executive Directors / Directors (with input from Heads of Service and Service Managers). This included consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals/cancellations (due to risk).

The revised Internal Audit Plan 2020/21 will be presented to Audit and Governance Committee for review and approval on 30th October 2020.

The revised document will also include reflection of the new activities completed by ARA since the outcome of the pandemic. For example and as reflected within the Internal Audit Progress Report, within 2020/21 ARA:

- Is providing consultancy support (from both our internal audit and counter fraud teams) regards Supplier Relief and Integrated Transport Unit (ITU) Supplier Payments;
- Supported the Council's Covid 19 volunteering effort (e.g. food packages for shielding individuals within the County) with input from a number of ARA team members;
- Continues to work with Strategic Finance to review/provide assurance regards Premiums for Care Providers; and
- Is providing counter fraud team support and action in regard to Covid 19 relevant irregularities (see report section below 'Summary of Special Investigations/Counter Fraud Activities').

Completed 2020/21 Internal Audit Activity for the period to September 2020**Summary of Limited Assurance Opinions on Control****Service Area: Economy, Environment and Infrastructure****Audit Activity: Disposal of Assets (Vehicles)****Background**

Asset disposal categories can include (but are not exclusive to) ICT, land, buildings/property, and vehicle disposal.

Internal audit review of disposal of assets will be delivered through a cyclical audit review programme. The 2019/20 review considered the corporate disposal of vehicles procedures (excluding Gloucestershire Fire and Rescue Service (GFRS), as this service was covered during 2018/19 and will be followed up separately).

Scope

The audit reviewed the effectiveness of the vehicle asset disposal governance arrangements, including the decision making processes for the disposal and / or transfer of GCC vehicles, taking into account the requirements of the Council's Standing Orders, Accounting Instruction 5 (Disposal of Assets) and other relevant disposal policies.

It included the adequacy of the following objectives:

- Where relevant, advice is sought from Strategic Finance on any special accounting processes / treatments that should be followed where the income is likely to exceed the £10,000 threshold;
- VAT on income received is applied in accordance with HMRC regulations;
- Insurance Services is notified of all relevant disposals to ensure reduced premiums / costs;
- The vehicles are appropriately decommissioned prior to disposal;
- Significant vehicle maintenance works are not undertaken on planned disposals;
- Disposals are correctly recorded in the vehicle asset register; and
- Value for money is achieved on any vehicles sold.

Risk Assurance – Satisfactory**Control Assurance – Limited****Key Findings**

The Council's Accounting Instruction 5 details procedures to be followed for the disposal of assets, which includes vehicles. Recommendations made following the audit of GFRS vehicle disposals during 2018/19 were that Accounting Instruction 5 and other conflicting information on Staffnet should be updated. Guidance on the sale of all assets is currently being updated and approved, supported by ongoing clarification and discussion between Strategic Finance and GFRS.

The audit identified 14 vehicles that had been disposed of during the period April 2018 to March 2020. A sample of eight of these vehicles was selected, one had been written-off following an accident and insurance claim so was not used as part of the sample. No details of the disposal of a 1995 Fiat Punto were sighted. This vehicle was recorded as transferred to a district council in the asset register in 2018 (with no income to GCC).

All six of the remaining sample of vehicles reviewed, were disposed of at public auction. Income received in respect of these vehicles was via bank transfer and VAT had been correctly charged and paid on these sales.

None of the vehicles disposed of reviewed exceeded the £10,000 threshold (all under £4,000) therefore, obtaining advice from Strategic Finance on any special accounting treatments was not required.

Accounting Instruction 5 requires authorisation of sale of assets with a replacement value over £1,000 by Head of Service. Evidence was sighted that the disposal of three of the sample of vehicles was authorised in accordance with this instruction. An authorisation form had been used for the most recent sale within the sample. The Fleet Administrator within the Integrated Transport Unit (ITU) stated that a similar authorisation form will be used for all vehicle sales in the future.

There was no evidence to show that the vehicles in the sample had been offered to other areas within the Council as required by Accounting Instruction 5. It was noted, however, that two vehicles had been offered to other areas within the Council via Staffnet since March 2020.

Insurance had been stopped prior to disposal of the mobile library. However, this vehicle was not declared as off the road (SORN) until a later date so should legally have been insured. Accounting Instruction 11 requires that all vehicles owned by the Council should remain insured until ownership is transferred.

No evidence was sighted that Council logos etc. had been removed prior to disposal, although the Fleet Administrator and one of the Transport Engineers stated that they are usually removed. There was a charge on one of the invoices from the Auction House for logo removal where a vehicle had been kept within the GFRS yard.

Maintenance (in excess of £400 and £1,000) had been carried out on two of the seven vehicles close to date of sale. The Fleet Administrator, ITU stated that repairs are undertaken on vehicles so that they are roadworthy and able to fetch a better price at auction.

A valuation of two vehicles prior to sale was sighted. All the vehicles had a reserve set prior to auction.

The sale figure fell short of this reserve for three out of the sample of six vehicles. One of the Fleet Engineers stated the Council would be contacted if an offer below the reserve was received, which may be accepted by the Budget Holder as it would cost to put the vehicle into another auction. However, authorisation to sell below reserve was not sighted.

Evidence of informing the DVLA about the sale of vehicles was not sighted. The mobile library was not declared SORN until October 2019, although it was off the road from June 2019. The refund of tax could be found for the mobile library and two other vehicles within a month of sale.

Conclusion

Procedures for the disposal of all assets are currently in the process of being updated and approved. The need for an update was reported in June 2019 following an audit of GFRS vehicle disposals.

Procedures within Accounting Instruction 5 have not been fully followed. For the seven vehicles in the sample that were sold, there was no evidence that they had been offered to other areas within the Council and evidence of authorisation of disposal was not sighted for four. There is evidence to indicate that improvements are being made with vehicles being offered to other areas within the Council since March 2020 and the introduction of authorisation forms.

Vehicles that were off the road prior to disposal have not been insured as required by Accounting Instruction 11.

A number of recommendations have been made to strengthen controls in the procedures for the disposal of vehicles and improve transparency.

Management Actions

Management have responded positively to the recommendations made within the report, which cover the following themes:

- Vehicle disposal guidance and policies finalisation, approval and roll out to officers (including removal of outdated information from the Staffnet);
- Recommendations to ensure compliance with Accounting Instruction 5 and Accounting Instruction 11 requirements (e.g. authorisation of vehicle disposals, consideration of offering vehicles to other council services prior to disposal and ensuring that council vehicles are insured up to the point of disposal);
- Only maintenance necessary to keep a vehicle in a safe working order should be carried out when it is known that a vehicle is to be replaced; and
- DVLA should be informed promptly when vehicles are disposed of to ensure that the maximum vehicle tax is reclaimed. Where a vehicle is off the road prior to disposal it should be declared SORN. Evidence should be retained.

Service Area: Children's Services

Audit Activity: Unregulated Placements and Packages of Support (Fostering) Limited Assurance Follow Up

Background

Local authorities have a duty to investigate the potential for a child to be placed within their family and friends network (connected persons) in the first instance, if a decision has been made that they need to enter the care system. The preference should be with a connected person who is approved as a local authority foster carer. However, the child can be placed with friends or family members prior to such approval.

Regulation 24 of the Care Planning, Placement and Case Review (England) Regulations 2010 sets out the arrangements for the temporary approval of a connected person as a foster carer but the placement will remain as unregulated until such time as the Agency Decision Maker (ADM) grants temporary approval.

In 2019/20 an audit was undertaken to review the operational procedures for placing children in unregulated fostering placements to ensure that the placements were properly approved, had been quality assured and were not subject to drift. A Limited opinion on control was given and this necessitated a follow-up audit to be undertaken in 2020/21.

Scope

The objective of the Limited Assurance Follow Up audit was to provide assurance that the actions agreed by management (to address the original High Priority recommendation) have been implemented and are effective. The constituent parts of the recommendation were as follows:

- Corrective action to be taken where appropriate for any areas of non-compliance identified as part of the original audit's sample testing; and
- Improvements in management oversight of unregulated placements that are made.

Risk Assurance – Substantial

Control Assurance – Limited

Key Findings

Internal Audit testing, against the original sample of cases, confirmed that corrective action has been taken where appropriate.

Evidence was provided that demonstrated the Interim Strategic Lead for Children in Care reviews all unregulated placements that are made to ensure that the necessary actions are taken for the placement to become regulated. This ongoing monitoring and review process has identified possible training issues as well as potential capacity issues as the root causes for non-compliance with the required processes.

It was verbally confirmed to Internal Audit that Team Managers continue to undertake audits of children's files and these are all externally moderated. Dip Samples are also undertaken on an ongoing basis although the monthly audits integral to the Quality Assurance and Improvement Framework (QAIF) have been disrupted due to the Coronavirus pandemic.

A new Entry to Care Checklist has been designed that includes the required processes that should be completed within five days of a child becoming looked after. When the Entry to Care Checklist becomes fully embedded it will result in the formulation of Web reports that will provide evidence of compliance.

A formal process has been introduced whereby the ADM requests the final Regulation 24 Initial Viability Assessment document to be uploaded to LiquidLogic.

New testing was undertaken on a sample of five out of 22 unregulated placements (23%) that had been made between 1st January 2020 and 31st May 2020 where the findings were as follows:

- Two 'Request for a Child to become Looked After' forms were authorised after the entry to care start date and one form was not completed at all and therefore not available on LiquidLogic;
- Four Regulation 24 Initial Viability Assessment forms were available on LiquidLogic but had not been authorised by the ADM within one day of the start date of the unregulated placement (GCC's allowable relaxation of the Regulations). One form was on the shared drive, only partially signed but not authorised by the ADM within one day and was not available on LiquidLogic;
- Regulation 24 Full Kinship Assessment Forms were applicable for three cases and all three forms were not available on the child's file on LiquidLogic; and
- All five Placement codes had been correctly amended when temporary approval was given for the friends and family placement but two codes had not been changed back to the unregulated code when the temporary approval period had expired but the placements remained open.

Conclusion

Internal Audit follow-up review has confirmed that corrective action has been taken where appropriate for the previously identified areas of non-compliance.

Process improvements have also been introduced, particularly in the area of management oversight. However, audit testing of a new sample of cases still identified significant areas of non-compliance despite management oversight having been applied where actions were identified that needed addressing.

No new recommendations have been made but a further Limited Assurance Follow Up audit will be undertaken to confirm practice improvements are embedded, particularly with the timeliness of completing required processes and the storage of data on LiquidLogic.

Management Actions

Management has responded positively to a further Limited Assurance Follow Up audit being undertaken in 2021/22.

Service Area: Children's Services

Audit Activity: Unregulated Placements and Packages of Support (Commissioning)

Background

Local Authorities (LA) can place children and young people in a range of external settings and would usually select a placement which is either regulated or inspected by Ofsted. However, under the Children Act 1989 guidance and regulations, Volume 2: Care planning placement and case review (June 2015), LAs can place children in settings commonly known as 'other arrangements' which places the responsibility for assessing the quality and suitability of such arrangements with the placing authority and the provider and not Ofsted.

If a provider has premises that offer accommodation and packages of support and if the premises fall under Part II of the Care Standards Act 2000, the premises are required to be registered with Ofsted. If such a provision delivers accommodation and packages of support to children under and over 16 years of age but are not registered with Ofsted or an alternative regulating body, i.e. Care Quality Commission (CQC), then the provider is operating an unregistered/unregulated setting.

Scope

The objective of the audit was to review the operational procedures for placing children and young people in externally commissioned placements to ensure that any unregistered/unregulated placements have been assessed, appropriately approved, are recognised as such on the LA's systems and are monitored to ensure they are not subject to drift.

Risk Assurance – Satisfactory

Control Assurance – Limited

Key Findings

Children and Young People Commissioning (CYP Comm) maintain a placement tracker spreadsheet that includes, amongst others, all unregistered/unregulated placements that are commissioned via the Placements Commissioning Team.

Twelve placements were identified that had been made between 1st January 2019 and 31st July 2019.

For the time period covered by the audit, the placement code that should have been used for unregulated placements on LiquidLogic was Z1 (other placements). Testing identified that only four out of the twelve placements were showing as Z1 on LiquidLogic, six had an incorrect placement code and two had no placement code identified. It is the Social Worker's responsibility to input the placement code on LiquidLogic and ensure that evidence of this being an unregistered/unregulated placement has the approval of the Director of Safeguarding and that this is captured on the child's file. Failure to do this will result in management information/reports being inaccurate and the potential for a complete lack of management oversight and associated risk management processes being established.

The expectation is that the Commissioning Placement Team will not progress a placement search with potential providers without an appropriately authorised entry to care form available on LiquidLogic. Out of the 12 placements that were reviewed, five of the forms were located on LiquidLogic, all appropriately completed and authorised. Two placements had email trails between the Team Managers in Social Care and Commissioning but the remaining five placements did not have the appropriate forms on LiquidLogic.

Prior to a young person being placed in an unregulated placement, a 'Details of a child/young person currently in unregulated provision' form should be completed by Social Care and approval sought from the Director of Safeguarding. Once completed, the unregulated form should be uploaded to LiquidLogic by the Social Work teams. For each of the 12 placements in the sample, only two unregulated forms were available on LiquidLogic.

The unregulated form was being redesigned during the time period covered by the audit, and initially it did not include provision for authorisation from the Director of Safeguarding to be recorded on the form. Towards the latter stage of the audit period this had been addressed. Authorisation within Commissioning for the configuration of the placement package was being given by the Assistant Director for Integrated Children and Families Commissioning and/or the Lead Commissioner by email. As a result, for packages established within the earlier timeframe of the audit, the required authorisations were held separately to the form. Appropriate Commissioning email authorisations were seen for 10 out of the 12 placement configurations.

By their nature, externally commissioned placements for young people with complex needs are costly to the LA but in addition to this, the fact that they are unregistered/unregulated means that regular monitoring of the placements is required to ensure they remain appropriate and are not subject to drift.

At the time of the audit, one of the panels that undertook monitoring of high cost externally commissioned placements was the High Cost Panel and this is where the unregulated placements may also have received scrutiny due to their inherently high cost. The terms of reference for this panel were reviewed in July 2019 and the panel has been renamed as the High Cost, Risk and Unregulated Placements Panel. The High Cost, Risk and Unregulated Placements Panel is chaired by the Director of Children's Services.

Through a review of minutes, panel scrutiny (which included the High Cost Panel) has been applied to the unregulated placements in the sample.

Following the development of the revised terms of reference for the High Cost Panel, there is evidence that more regular panel scrutiny has been applied to the commissioned unregulated placements in the sample from September 2019 onwards.

Conclusion

There is a defined process in place which requires approval for entry to care, placement search and approval, and unregulated placement monitoring. Varying degrees of non-compliance with these processes was evident within the sample that was selected for audit testing. An improvement is required for the recording of data and its subsequent entry and storage on LiquidLogic to demonstrate that the processes have been completed.

Through discussion with Commissioning staff and a review of documentation it became apparent that most of the unregulated placements that were made were for highly complex cases where accommodation was often required at very short notice. Social Work teams and Commissioning teams had to work closely together and at speed in order to mitigate the risks and ensure appropriate safeguarding measures were in place for young people who required placements.

Management Actions

Management has responded positively to the three high priority recommendations made regarding:

- The correct use and oversight of placement codes on LiquidLogic;
- Provision for the appropriate authorisations to be included on the 'Details of a child/young person currently in unregulated provision' form; and
- An agreed process between Social Care and Commissioning for the format, completion and storage of the 'Details of a child/young person currently in unregulated provision' form on LiquidLogic.

Summary of Satisfactory Assurance Opinions on Control

Service Area: Adults Services

Audit Activity: Market Management

Background

The Care Act 2014 laid responsibility on Local Authorities to protect individuals receiving care (either by the Local Authority or independently) should a provider fail. The Act also gives responsibility of the Care Quality Commission (CQC) to monitor and assess the financial sustainability of 'difficult to replace' care providers and inform Local Authorities when they believe supplier failure is likely.

The Annual Governance Statement 2017/18 highlighted that there was fragility of the care services provider market and that this was an ongoing concern and risk. The lack of capacity of home care is included within the Strategic Risk Register.

Scope

This review sought to determine whether the Council has adequate arrangements in place to manage/reduce supplier risk within adult social care and ensure that there are effective contingency arrangements should a provider failure occur.

Risk Assurance – Substantial

Control Assurance – Satisfactory

Key Findings

Market Shaping

- There are various market shaping projects within the Council that are part of the Adult Single Programme (ASP) including new methods of providing care to those that need it.
- The Council (together with Gloucestershire Clinical Commissioning Group (GCCG)) has a Care Home Strategy (June 2019) and a Housing with Care Strategy in draft form. This strategy was originally planned for 2018 but has been delayed. The Council is working with District Council staff in relation to Housing with Care and future housing requirements.
- The Council has a recent Market Position Statement, although this highlights a shortfall in data analysis. The introduction of LiquidLogic (case management system) should assist in providing improved accuracy of data. This was due to be implemented by July 2020, although has been delayed due to the coronavirus pandemic.
- The Council provides information and support to providers and voluntary organisations. The Proud to Learn initiative provides training to the independent and voluntary sector in Gloucestershire. There is a Memorandum of Understanding with Gloucestershire Care Providers Association and quarterly meetings are held with them.
- The way in which home care services are to be commissioned is being changed for providers to cover areas rather than specific individual need, to try to reduce distances that carers need to travel between those individuals requiring care. The market is considered when commissioning services, consultation was held with providers prior to the home care contract being renewed (information events were held in September 2019).
- The Council is working with Proud to Care to promote careers in care.

Market Oversight

- The Care Act introduced a requirement of the CQC to oversee the financial health of the most difficult to replace providers of adult social care services to assist Local Authorities. Monitoring of other providers should be undertaken by Local Authorities to enable them to fulfil their role of ensuring continuity of care if a provider fails.
- Within GCC Contract Management Officers request that self-assessments are completed by providers annually and should make a physical visit to each provider annually. For a sample of eight homes selected, there had not been a routine review meeting within the last 18 months for three. However, each was under the scrutiny of the CQC and the Contract Management Officer was able to provide evidence of monitoring and liaison with the CQC. Due to the questions that are asked, the results of these assessments can also be used to provide information to assist with the market shaping activities of the Council.
- All monitoring information, including complaints relating to any particular provider is retained on either the shared drive or the adult social care finance module, ContrOCC (monitoring currently being transferred to ContrOCC). This can be used to help identify concerns about a particular provider.
- The Council works in partnership with the CQC locally (and GCCG). Information is shared in order that parties do not duplicate monitoring/actions. The Council also has input into CQC inspections prior to an inspection visit.

Contingency Planning

- The Integrated Brokerage Team has a Business Continuity Plan which includes provider failure. In addition, there is a draft Provider Failure Business Continuity Plan for Domiciliary Care Services that is to be discussed with providers and agreed.
- The Council has managed provider failure in the past and an investigation was undertaken and a report was produced about lessons learnt following failure of a major provider in Gloucestershire.

Conclusion

The Council is undertaking various market shaping projects and actively working with providers. It also has various strategies (some in draft form) with the aim of working with providers and other organisations to enable individuals to remain independent and in their own home for as long as possible.

Information, support and training are offered to providers and the Council is supporting an initiative to promote careers in care. Monitoring of providers is undertaken and information is shared with the CQC assisting in highlighting potential problems.

A Provider Failure Business Continuity Plan for Domiciliary Care Services exists in draft form but this has still to be discussed and agreed with providers.

Two recommendations have been made to further strengthen controls in the area of market management – regards the finalisation, agreement and publication of the Housing with Care Strategy; and the finalisation and agreement of business contingency plans for providers (to include regular plan testing).

Management Actions

Management have responded positively to the recommendations made.

Service Area: Adults Services

Audit Activity: Disabilities Hub Job Coaching Brokerage

Background

Access to Work is a government programme aimed at supporting disabled people to take up or remain in work. The government programme contains multiple support streams including job coaching, where eligible working age residents with disabilities can be assisted into work with the advice and guidance of a job coach. Gloucestershire County Council works with Access to Work (ATW) at Department of Works and Pensions to deliver this.

The Disabilities Hub facilitates the procurement and the obtaining of quotes for job coaches, so that the Department of Works and Pensions can make an informed decision on an appropriate appointment.

Job coach appointments are procured through the Temporary Staff Service (TSS) or by sourcing an external contractor. In the 2019/20 year, the Council provided four, and externally sourced six job coaching roles.

The Department of Works and Pensions reimburse the Council for direct job coaching costs. For example job coach appointments through the Temporary Staff Service in 2019/20 resulted in recharging £2,675 to ATW at Department of Works and Pensions.

Scope

The objective of the audit was to:

- Review and test the process for selection of companies/individuals to provide assurance that it is transparent and equitable, and it meets the requirements of the Council's Accounting Instruction one (Purchasing Goods and Services); and
- Where applicable, staff have completed and updated their register of interests for the procurement of job coaches.

Risk Assurance – Substantial

Control Assurance – Satisfactory

Key Findings

- A review was carried out of the draft updated procedures and controls, and found that they were of a good standard and will be a useful guide to new and existing staff. In addition, the procedure notes incorporate the requirements of the ATW.
- Audit tests were completed on two cases (20%) for the procurement of job coaches. The evidence reviewed provided good assurance for; i) demonstrating a good knowledge base by the Disability Hub staff; ii) a clear set of evidenced procedures and controls were used; and iii) seeking to provide up to three quotes for the use of job coaching. However, the evidence documenting one of the ATW's decision notices was not available.
- Staff confirmed that at the date of audit, there were no declarations of financial or non-financial interest to declare.

Conclusion

One medium priority recommendation has been raised for future disability job coach referrals to the Department of Works and Pensions, requesting that all ATW documentation which documents the rationale for; i) the decision; ii) the preferred job coach's period of support; and iii) the agreed financial cost per hour, is held in the Disability Hub's shared IT drive.

Management Actions

Management have responded positively to the recommendation made.

Summary of Substantial Assurance Opinions on Control

Service Area: Corporate Resources

Audit Activity: Members' Expenses and Allowances

Background

Gloucestershire County Council (GCC) has 53 elected Councillors (Members), although there is currently one vacancy. In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 they are all eligible to be reimbursed for the performance of their duties in accordance with a Scheme of Members' allowances (the Scheme), which has been developed by an Independent Remuneration Panel (IRP). The Scheme should be approved each year by the full Council, after it has considered a report from the IRP. The Scheme can be found within GCC's Constitution, which is available on GCC's website.

Each Member is eligible to receive a Basic Annual Allowance and, where appropriate, Members who hold certain responsibilities are also eligible to receive a Special Responsibility Allowance.

In addition, the Scheme includes a Carer's allowance which can be claimed in certain circumstances and details of when Members can claim mileage and other expenses.

Scope

The audit reviewed the expenses and allowances paid to Members for the financial year 2019/20, to provide assurance they had been claimed and paid in accordance with the Members' Scheme of Allowances as detailed within GCC's Constitution.

Risk Assurance – Substantial

Control Assurance – Substantial

Key Findings

The allowances and expenses paid to Members each year are published on the GCC website. In 2019/20, £834,287.71 was paid out in allowances and 36 out of the 53 Members had claimed expenses totalling £29,102.23.

The members of the IRP are independent of the Council and are responsible for developing the Scheme of Members' Allowances and reviewing it on an annual basis. The IRP recommended that the allowances for 2019/20 should be increased by 2%, in line with the GCC staff salary increase for that year and the allowance for the Leader of the Council to increase by 21.5%, from £27,570 to £33,500, which is the average allowance for leaders across the country.

The full Council agreed the IRP's recommendations at their meeting on 26th June 2019 and also agreed that the increases would be backdated to 1st April 2019.

Audit testing of a sample of expense claims submitted from 18 Members confirmed that 17 out of the 18 forms had been:

- Signed by the claimant;
- Checked by a Democratic Support Officer (DSO) for completeness and that the expenditure was appropriate; and
- Authorised by the Head of Democratic Services or Chief Executive.

Testing also highlighted that out of nine forms which were claiming reimbursement of expenses for travel or subsistence, four did not include receipts. Payment was agreed by the Head of Democratic Services but there was no evidence of this on the forms. In accordance with the conditions of the Scheme, five of the claims had been authorised by the Chief Executive, as they were over three months old.

One Member does not complete a claim form but the details are entered directly into SAP (GCC's finance and personnel system) by a DSO. This process has been agreed by the Head of Democratic Services, but it does not provide anywhere for the Member to sign to confirm the details are correct.

Audit testing highlighted that the allowances paid to all of the Members during 2019/20, including any changes during the year, were correct. Authorisations to GCC's Business Service Centre, the payroll provider, to make changes to allowances during the year, including the reason why, were seen by the auditor.

Conclusion

In accordance with regulations the IRP reviews GCC's Scheme of Allowances for Members on an annual basis. The minutes of Committee and full Council meetings are available to the public on GCC's website and these provide evidence that the IRP report and recommendations for 2019/20 were approved by the full Council.

The Scheme clearly states the categories of expenditure that can be claimed and the allowances paid to Members. Internal Audit testing confirmed that there are sound controls in place to ensure that the processes are appropriately managed and authorised.

In relation to expenses, there are opportunities to strengthen the control environment and a recommendation has been made.

Management Actions

Management has responded positively to the recommendation made (regards Members' expenses audit trail and authorisation).

Service Area: Corporate Resources

Audit Activity: Approval of Payments for Agency Staff - Limited Assurance Follow Up

Background

Agency staff are engaged by GCC through an organisation (a neutral vendor) which acts as a broker to liaise with recruitment agencies, rather than GCC dealing directly with the agencies. In addition, the organisation ensures that all necessary recruitment checks have been completed by the agencies in advance, with the goal to save time for GCC recruitment staff and enabling the agency worker to start without any delay. The current contractor providing agency workers to GCC is Geometric Results Inc (GRI) UK.

The contractor's timesheet and vacancy management system (e-tips) requires GCC managers to approve agency workers' timesheets on a weekly basis, however should they fail to do this then e-tips will auto-approve the timesheets to enable the individual agencies to pay their staff.

An Internal Audit review in 2017/18 established that at the time of the audit the level of timesheet auto-approval was significant (the final quarter of 2016/17 showed a 56% auto-approval rate) and a limited opinion was given for the control environment.

In 2019/20 a follow-up audit was undertaken, which established that not all of the elements of the recommendation from the original audit had been implemented. This resulted in another limited opinion in respect of the control environment.

Scope

This audit sought to establish whether the agreed management actions to address the 2019/20 audit recommendations have now been fully implemented and that the level of auto-approval is being monitored on a monthly basis and addressed where the auto-approval rates are higher than 10%.

Risk Assurance – Substantial

Control Assurance – Substantial

Key Findings

- A timesheet approver has been identified for all current agency staff workers and this information has been added to the GRI reporting system. Details for any new workers are added straight away. As a result, the monthly reports from GRI now show the approver responsible for each auto-approved timesheet.
- The monthly reports from GRI are now shared with key contacts in Adult's and Children's Services, who monitor any auto-approved timesheets and follow them up with the relevant individuals. The Director of Children's Services is provided with monthly details of the total spend on agency staff and percentage of auto-approved timesheets.
- For all other directorates, timesheets that are auto-approved are followed up by the Contract Manager and the timesheet managers are reminded to approve the timesheets. In addition, all timesheet approvers now get an automatic email reminder from the system when a timesheet is submitted for approval. As the reminders directly target the timesheet approvers it was decided that a corporate communication, i.e. Talksmart, was no longer necessary.
- The average percentage of auto-approved timesheets has dropped from 54% for the period January to March 2019 to 8% for February to April 2020. This figure is below the KPI tolerance level of 10%.
- Timesheet reports have not been sent to Directors as the levels of auto-approvals have reduced substantially and are within the KPI target figure of 10%.

Conclusion

The 2019/20 audit review made two high priority recommendations. The Internal Audit follow-up review and testing confirmed that positive progress has been made and both recommendations have been fully implemented. No new recommendations have been made.

These results are due to the work undertaken since the last Internal Audit review, especially by HR and Children's Services, to establish the timesheet approver for each agency worker, thus making it easier to follow-up any auto-approved timesheets.

A new system for the employment of agency workers is to be procured within the next year and Internal Audit has been advised that the specification will not allow auto-approvals, therefore if timesheets are not authorised by managers the workers will not get paid.

Management Actions

There were no recommendations made following this audit review.

Summary of Consulting Activity, Grant Certification and/or Support Delivered where no Opinions are provided

No audit assurance opinions on risk and control are provided in this section as this section relates to other audit activity such as statutory Chief Internal Auditor grant certification sign off and consultancy work i.e. where internal audit advise management on the risk and control environment in relation to new and emerging risks, projects, systems and processes to help 'design out' risk at the developmental stage.

Service Area: Economy, Environment and Infrastructure

Audit Activity: Adult Education Services Restructure (Consultancy)

Background

Adult Education Services provide education and training courses to a wide variety of Gloucestershire residents. Courses primarily are split between vocational courses aimed at improving attendees' business skills, and educational courses aimed at increasing adult students' core skills such as language and mathematics.

Scope

The Adult Education Services proposed restructure completed in September 2020. ARA provided consultancy advice as part of the restructure project up to August 2020, through attendance at project meetings and provision/offer of risk and control advice and challenge.

Key Findings

As this was internal control advice engagement no formal report or findings were issued. Instead challenge and feedback was provided at regular intervals to the project group.

Conclusion

The project group comprised all key stakeholders and effectively consulted and restructured the service.

The project group also agreed to revise the terms and conditions relating to expense and benefits claims and to improve the control environment around those claims. These changes will be reviewed when the service is audited in 2021/22 (internal audit proposed as a deferral to 2021/22 within the Revised Internal Audit Plan 2020/21).

Management Actions

Recommendations and feedback were welcomed by management during the course of this engagement.

Service Area: Adults Services

Audit Activity: Best Value (Consultancy)

Background

The 2019/20 Internal Audit plan made provision for a review of the effectiveness of the application of the principles detailed within the Best Value Policy, whilst ensuring an individual's assessed needs are met.

Due to changes within Adults in 2019/20, Adults senior management made the decision that an individual Best Value Policy is no longer required, however the principles of the Best Value Policy were to be embedded into various Adults policies; and these were scheduled to be drafted in quarter four 2019/20.

Scope

To deploy audit resource (consultancy) to ensure early engagement with policy design in respect of the following policies:

- Adult Social Care policy for people with care and support needs;
- Adult Social Care policy for carers; and
- Charging and Financial Assessment in Adult Social Care.

Key Findings

- All three policies were reviewed by Internal Audit. Areas identified for consideration of amendment were annotated accordingly within the respective drafts.

Conclusion

Proposals made by Internal Audit to design out risk as part of the refresh of the policies were reported back to the Policy Reviewing Officer within the prescribed reporting timelines.

Management Actions

The Policy Reviewing Officer advised Internal Audit that the policies would be amended to reflect the proposed changes prior to them being presented / ratified by the Adult Social Care Management Team. Once ratified, the policies are to be formally published.

Service Area: Economy, Environment and Infrastructure

Audit Activity: Parking Management Services – Contract Management Arrangements

Background

Gloucestershire County Council (GCC) had a Parking Management Service contract with APCOA. The original contract was awarded in 2013, for four years, which was then extended by a further three years to 2020. The new Parking Management Services contract has been awarded to NSL Ltd with effect from April 2020. The income from Pay and Display is around £2.5m per annum, income from Penalty Charge Notices (PCNs) and waivers and permits is a further £2.5m per annum. The cost of the APCOA contract is around £1.9m per annum.

Scope

This consultancy review sought to provide assurance on the robustness of the contract management arrangements that had been in place (with APCOA), and the oversight provided by the Parking Management Services team with a view to providing improvements that are relevant to the new NSL contract which commenced in April 2020. There was particular focus on how the Council obtains assurance over income reconciliation.

Key Findings

APCOA contract

The contract with APCOA was adequate however its length means that extracting the key deliverables to monitor performance against was difficult as these are only included as an appendix. Also as there was no initial documentation of the key monitoring activities there was a risk that as these were not formalised, they could change and degrade over time. Should key performance indicators need to be formally altered with a supplier, these changes should be done via formal contract variation.

APCOA contract management monitoring arrangements

Formal meetings were held monthly involving the relevant officers from both GCC and APCOA. These meetings were documented and all key deliverables were discussed including finance and contract performance. The key performance indicators were reviewed and any actions required are assigned.

Issues that could not be resolved were escalated both to the Lead Commissioner and APCOA senior management as per the agreed contract resolution process.

Oversight of APCOA Parking Income

As the APCOA contract was coming to its end the decision was taken to focus effort on improving the monitoring of the current contract performance and ensuring the transfer of services to the new contract provider (NSL) was as smooth as possible. Given the timescales involved and the status of the APCOA contract performance when the new parking manager was appointed, plus the amount of work that needed to be completed, this decision is understandable. During this time the APCOA income collection procedures were reviewed by the GCC Parking Management team. Since the conclusion of the APCOA contract, an exercise has been completed to forecast the anticipated shortfall of income from parking as a result of Covid 19. It is advised that going forward there is at least a quarterly comparison of actual income verses expected income and an annual exercise to reconcile one month's income should be performed once the situation regarding Covid 19 has returned to normal.

Impact of Covid 19

During the course of this consultancy review the Coronavirus pandemic struck which has made a significant impact on the timescales of this review and also on the demand for and nature of delivery of parking services by GCC. As a consequence Parking Management Services have forecast a significant shortfall in parking income and there has been an increased shift towards cashless payment for parking. Therefore Parking Management Services should remain aware of this shift and take appropriate steps to monitor this income should the parking payment mix remain predominantly cashless.

Conclusion

There was appropriate management oversight of the APCOA contract although in a couple of areas more could have been done to monitor and reconcile cash parking income. The move to a new contract with NSL and the impact of Covid 19 means that parking income is anticipated to be lower and income in the form of cash receipts is likely to be greatly reduced for the remainder of 2020. Parking Management Services have recognised this and have forecast the potential loss of income. Future monitoring arrangements should be in line with the significance of those receipts and the risk that the type of receipts process represents. Consequently more focus on cashless receipts is anticipated.

Management Actions

Management has responded positively to the recommendations made regards: Formal documentation of the key monitoring activities should be completed and agreed between GCC and the new supplier; and Quarterly comparison of actual income verses expected income and an annual exercise to review and validate one months parking income from all sources (cash and cashless).

Service Area: Grant Certification

Audit Activity: Social Care (Capital) Grant

Background

In 2015/16 the Department of Health (DoH) made circa £134 million available across all Local Authorities through the Social Care (Capital) grant. This funding is part of the Better Care Fund (BCF), but is allocated directly to councils by the DoH.

Gloucestershire County Council received an allocation of £1,409,000 in 2015/16 from the Social Care (Capital) grant. Under the grant determination 2015/16: No 31/2534, the grant:

- May be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003; and
- Is required to be transferred into the local BCF pooled budget, under section 75 of the NHS Act 2006, and spent in accordance with a NHS England approved BCF spending plan jointly agreed between the local authority and the relevant Clinical Commissioning Group(s).

Scope

The Chief Executive and Chief Internal Auditor are required to return to the Department of Health a declaration by 30th June 2020 in the following terms:

‘To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Social Care Capital Grant No 31/2534 have been and will be complied with.’

The audit scope was to provide assurance that, in all significant respects the conditions of the relevant Grant Determination have been complied with.

The period under audit review was 2019/20, with consideration of relevant Internal Audit findings from prior year.

Key Findings

- The Council received funding of £1,409,000 in 2015/16 under the Social Care (Capital) grant scheme.
- A total of £357,231.74 was brought forward into 2019/20.
- In 2019/20 a total of £357,231.74 was spent against the Social Care (Capital) grant scheme in line with the agreement between Gloucestershire County Council and the Clinical Commissioning Group and the joint spending plan for 2019/20.

- Internal Audit has reviewed a sample of transactions covering £255,135.74 (71%) of the 2019/20 expenditure population and confirmed that the sampled expenditure was in accordance with the relevant DoH grant conditions.
- The Social Care grant fund No.31/2534 has now been fully expended and there is no carry forward for use in future years.

Conclusion

Based on discussion with officers and review of records maintained by the Council, Internal Audit has gained appropriate assurance that the conditions of the grant determination have been met and as such the declaration was signed and submitted to the DoH. This grant funding stream has now been fully expended.

Management Actions

No management actions are required.

Service Area: Grant Certification

Audit Activity: Blue Badge – New Criteria Implementation

Background

In January 2020 the Department for Transport (DfT) advised local authorities of an allocation of funding specifically for Blue Badge – New Implementation Criteria. As part of this funding, this grant was to provide revenue funding to support increased Blue Badge applications inline with the Government awareness drive to highlight that not all disabilities are visible or require a wheelchair.

Gloucestershire County Council an allocation of £20,302.62 in 2019/20. The relevant Grant Determinations confirm the grant 'may be used only for the purposes that a revenue receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.'

Scope

The Chief Executive and Chief Internal Auditor are required to return to the DfT a declaration by 31st July 2020 in the following terms:

'To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Local Transport Revenue Block Funding (Blue Badge New Criteria Implementation) specific grant determination 2019/20 No.31/3936 have been complied with.'

The audit scope was to provide assurance that, in all significant respects the conditions of the Grant Determinations have been complied with. The period under audit review was 2019/20.

Key Findings

- The Council received Local Transport Revenue Block Funding (Blue Badge New Criteria Implementation) grant funding of £20,302.62 in 2019/20.
- In 2019/20 a total of £9,845.62 was spent from the Blue Badge – New Criteria Implementation scheme, with the remaining balance of £10,457 being carried forward into 2020/21.
- Internal Audit has reviewed 100% of transactions within the 2019/20 expenditure population and confirmed that the expenditure was in accordance with the relevant DfT grant conditions.

Conclusion

Based on discussion with officers and review of records maintained by the Council, Internal Audit has gained assurance that the conditions of the Grant Determinations have been fulfilled and as such the declaration was signed and submitted to the DfT.

The remainder of the Blue Badge – New Criteria Implementation grant funding (£10,457) has been carried forward into 2020/21.

Management Actions

No management actions required.

Service Area: Grant Certification

Audit Activity: Additional Highways Maintenance

Background

In 2018/19 the Department for Transport (DfT) made £420 million available for Additional Highways Grant Funding. This funding is part of the Local Transport Capital Block Funding, and was to be used for the purpose of further highways maintenance.

Gloucestershire County Council received an allocation of £7,905,000 in 2018/19 from the Additional Highways Grant Funding. Under the grant determination: No 31/3224, the grant: May be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

At the end of 2018/19 £6,905,000 was carried forward into 2019/20 which is the total amount of funding within the scope of this audit.

Scope

The Chief Executive and Chief Internal Auditor are required to return to the DfT a declaration by 30th September 2020 in the following terms:

‘To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Grant No 31/3224 have been and will be complied with.’

The audit scope was to provide assurance that, in all significant respects the conditions of the relevant Grant Determination have been complied with.

The period under audit review was 2019/20, with consideration of relevant internal audit findings from prior year.

Key Findings

- The Council carried forward funding of £6,905,000 from 2018/19 into the 2019/20 financial year.
- In 2019/20 a total of £4,648,619.15 was spent against the Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) grant scheme.
- Internal Audit has reviewed a sample of transactions covering 10% of the 2019/20 expenditure population and confirmed that the sampled expenditure was in accordance with the relevant DfT grant conditions.

Conclusion

Based on discussion with officers and review of records maintained by the Council, Internal Audit has gained appropriate assurance that the conditions of the grant determination have been met and as such the 2019/20 declaration was signed and submitted to the DfT.

The balance of the Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) grant, £2,256,380.85, has been carried forward into 2020/21.

Management Actions

No management actions are required.

Service Area: Grant Certification

Audit Activity: Community Capacity Grant

Background

In December 2012 the Department of Health (DoH) advised local authorities of their allocations under the Adults' Personal Social Services grant for 2013/14 and 2014/15. As part of this allocation, the Community Capacity (Capital) Grant provides capital funding to support development in personalisation, reform and efficiency.

Gloucestershire County Council received a Community Capacity (Capital) Grant allocation of £1,360,488 in 2013/14 and £1,387,970 in 2014/15. The relevant Grant Determinations confirm the grant 'may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.'

Scope

The Chief Executive and Chief Internal Auditor are required to return to the DoH a declaration by 30th June 2020 in the following terms:

- 'To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Community Capacity Grant No 31/2219 have been and will be complied with'; and
- 'To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Community Capacity Grant No 31/2393 have been and will be complied with'.

The audit scope was to provide assurance that, in all significant respects the conditions of the Grant Determinations have been complied with.

The period under audit review was 2019/20, with consideration of relevant internal audit findings from prior year.

Key Findings

- The Council received Community Capacity (Capital) Grant funding of £1,360,488 in 2013/14 and £1,387,970 in 2014/15.
- A total of £2,011,520.19 was brought forward into 2019/20.
- In 2019/20 a total of £2,633.80 was spent from the Community Capacity (Capital) scheme. Internal Audit has reviewed 100% of the 2019/20 expenditure population and can confirm compliance with the grant determination conditions.

Conclusion

Based on discussion with officers and review of records maintained by the Council, Internal Audit has gained assurance that the conditions of the Grant Determinations have been fulfilled and as such the declaration was signed and submitted to the DoH.

The remainder of the Community Capacity (Capital) Grant funding, £2,008,886.39 has been carried forward into 2020/21.

Management Actions

No management actions required.

Service Area: Grant Certification

Audit Activity: Integrated Transport, Highways Maintenance Block Needs Element, Highways Maintenance Incentive Element (Local Transport Capital Funding Grant)

Background

Department for Transport (DfT) in 2019/20 made £20,200,000 available to Gloucestershire County Council through the Local Transport Capital Funding. This funding was broken down into three categories: Integrated Transport Block, Highways Maintenance Block Needs Element and Highways Maintenance Block Incentive Element.

Gloucestershire County Council received the allocation of £20,200,000 in 2019/20 from the Local Transport Capital Funding grant. Under the grant determination: No 31/3693, the grant: May be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

Scope

The Chief Executive and Chief Internal Auditor are required to return to the DfT a declaration by 30th September 2020 in the following terms:

‘To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination (2018/19) No.31/3224 and Local Transport Capital Block Funding (Pothole Action Fund) Specific Grant Determination (2018/19) No.31/3221 have been complied with.’

The audit scope was to provide assurance that, in all significant respects the conditions of the relevant Grant Determination have been complied with. The period under audit review was 2019/20, with consideration of relevant Internal Audit findings from prior year.

Key Findings

- The Council received funding of £20,200,000 in 2019/20 under the Local Transport Capital Block Funding grant scheme.
- A carry forward of £8,158,018.93 was identified from the 2018/19 Local Transport Capital Block Funding grant funding. This gave the total amount of funding under review as £28,358,018.93.
- In 2019/20 a total of £15,160,997.81 was spent against the Local Transport Capital Block Funding grant scheme.
- Internal Audit selected and reviewed a sample of 31 transactions totalling £3,584,514.75 (23.6% of total expenditure). It was found that all sampled expenditure was in accordance with the relevant DfT grant conditions.
- There is a carry forward of £13,197,021.12 that was taken forward into 2020/21.

Conclusion

Based on discussions with officers and a review of records maintained by the Council, Internal Audit has gained appropriate assurance that the conditions of the grant determination have been met and as such the 2019/20 declaration was signed and submitted to the DfT.

Management Actions

No management actions are required.

Service Area: Grant Certification

Audit Activity: National Productivity Investment Fund

Background

The Department for Transport (DfT) made £2.696 million available to Gloucestershire County Council (GCC) through the National Productivity Investment Fund with the first year of funding having commenced in 2018/19. During 2019/20, the second year of funding, GCC received an allocation of £1,658,460 under the grant determination No. 31/3689. Under this determination the grant:

- May be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003; and

- Is required to be used for the purpose of works relating to the A38 Cross Keys roundabout capacity improvement and signalisation.

Scope

The Chief Executive and Chief Internal Auditor are required to return to the DfT a declaration by 30th September 2020 in the following terms:

'To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (National Productivity Investment Fund) Grant No 31/3689 have been and will be complied with.'

The audit scope was to provide assurance that, in all significant respects the conditions of the relevant Grant Determination have been complied with.

The period under audit review was 2019/20, with consideration of relevant Internal Audit findings from prior year.

Key Findings

- The Council received funding of £1,658,460 in 2019/20 under the Local Transport Capital Block Funding (National Productivity Investment Fund) grant scheme. This was in addition to the carry forward from 2018/19 of £522,214.15 giving a total funding under review of £2,180,674.15.
- In 2019/20 a total of £2,148,884.70 was spent against the Local Transport Capital Block Funding (National Productivity Investment Fund) grant scheme.
- Internal Audit has reviewed a sample of transactions valued at £382,208.25 (18% of 2019/20 total expenditure) and confirmed that the sampled expenditure was in accordance with the relevant DfT grant conditions.

Conclusion

Based on discussion with officers and review of records maintained by the Council, Internal Audit has gained appropriate assurance that the conditions of the grant determination have been met and as such the declaration was signed and submitted to the DfT.

The balance of the Local Transport Capital Block Funding (National Productivity Investment Fund) grant, £31,789.45, has been carried forward into 2020/21.

Management Actions

No management actions are required.

Service Area: Grant Certification

Audit Activity: Growth Hub

Background

The Department for Business, Energy and Industrial Strategy (BEIS) letter dated 7th May 2019 confirmed 'Growth Hub Funding to Local Enterprise Partnerships in 2019/20'. The grant offer letter offered £205,000 to Gloucestershire County Council (GCC - the Accountable Body) for the period 1st April 2019 to 31st March 2020. Grant offer acceptance was completed by the Council.

The grant is specifically for the giving of advice to business by GFirst Local Enterprise Partnership (LEP) by supporting the further development of growth hubs, aligned to Government's objective to simplify access to support for businesses (the Project).

Subsequent to this the BEIS advised on the 16th October 2019 that a further uplift of £31,578.94 would be provided to GCC for the purpose of EU Exit Business Readiness Advice.

Scope

The 7th May 2019 BEIS grant offer letter states that:

'Confirmation is required that in the course of the Project, the Accountable Body has expended the sums in respect of which Grant claims were made in undertaking the Project and that all the activities were completed by the Accountable Body by 31st March 2020 and paid for by 25th May 2020. No underspend of the Grant can be carried forward to the next financial year. For this purpose, a report from an accountant must follow the final claim for the Grant and be submitted to BEIS by no later than the 25th May 2020. The accountant's report must be submitted in the format specified in Schedule 2 and prepared by a professionally qualified member of the Accountable Body's own audit team.'

The Growth Hub Funding 2019/20 Internal Audit review was designed to meet the above BEIS requirements. Further communication from the BEIS confirmed that the report submission date would be postponed to the 30th June 2020 owing to the Covid 19 pandemic.

Key Findings

- The Internal Audit was delivered and reviewed by ICAEW (Institute of Chartered Accountants England and Wales) FCA professionally qualified members of the ARA Shared Service team.
- The review confirmed that the 2019/20 year end return and previously submitted claims for payment against the £236,578.94 of funding were in accordance with the BEIS offer letter and annex B criteria. Audit trail review also confirmed that none of the costs were incurred before 1 April 2019.

- It was noted that the evidenced GFirstLEP project expenditure for 2019/20 totalled £229,377.15. The grant does not allow for carry forward of underspends and therefore £7,201.79 has been reported back to the BEIS to be returned to the issuing authority.

Conclusion

The Growth Hub Funding to LEP in 2019/20 – Accountant’s Report was submitted to the BEIS as at 16th June 2020 in line with the amended submission date from the BEIS. No issues were raised within the Accountant’s Report.

Management Actions

Not applicable.

Service Area: Grant Certification

Audit Activity: EU Exit Business Readiness and Engagement

Background

The Department for Business, Energy and Industrial Strategy (BEIS) letter dated 11th October 2019 regarding ‘Funding To The EU Exit Readiness Engagement Project’ advised a grant offer of £305,000 to Gloucestershire County Council (the Accountable Body) for the period 1st September 2019 to 31st March 2020. Grant offer acceptance was completed by the Council.

The grant is specifically for the giving of advice to business by GFirst Local Enterprise Partnership (GLEP) to support businesses through the changes in trade relationships between the UK and the EU post Brexit.

Scope

The 11th October 2019 BEIS grant acceptance letter states under paragraph nine that:

‘Confirmation is required that in the course of the Project, the Accountable Body has expended the sums in respect of which Grant claims were made in undertaking the Project and that all the activities were completed by the Accountable Body by 31st March 2020. No underspend of the Grant can be carried forward to the next financial year.’

An accountant’s report must be submitted in the format specified in by the BEIS and prepared by a professionally qualified member of the Accountable Body’s own audit team.

On the 25th March 2020 GCC received notification from BEIS confirming that due to Covid 19 the deadline for submitting the accountants report had been extended to the 30th June 2020

The EU Exit Business Readiness funding 2019/20 Internal Audit review was designed to meet the above BEIS requirements.

Key Findings

- The Internal Audit was delivered and reviewed by a professionally qualified member of the accountable bodies own audit team inline with the grant determination provided by the BEIS.
- The review confirmed that the 2019/20 year end return and previously submitted claims for payment were in accordance with the BEIS offer letters and Schedule B criteria. Audit trail review also confirmed that none of the costs were incurred before 1st September 2019.
- From the EU Exit Business Readiness funding of £305,000, the GLEP incurred expenditure of £294,397.83 which leaves an underspend of £10,602.17. The BEIS grant determination letter states that funding cannot be carried forward into the next financial year and therefore this underspend will require repayment back to the BEIS.
- Internal Audit tested £150,215.55 of expenditure (51% of total spend) incurred against the grant. Internal Audit was able to confirm that the sampled expenditure met the grant determination conditions set out by the BEIS.

Conclusion

The EU Exit Business Readiness Funding to GLEP in 2019/20 – Accountant’s Report was submitted to the BEIS as at 25th June 2020 in accordance with their amended submission date for the accountants report.

Management Actions

Not applicable.

Service Area: Grant Certification

Audit Activity: Fire and Rescue Authorities Grant

Background

The Department of Communities and Local Government (DCLG) has historically provided funding to local fire authorities to assist in the acquisition of replacement appliances and other capital related projects. In this respect, the Council received the following grants:

- Grant Determination: 2011/12 (No. 31/1992) £1,700,000; and
- Grant Determination: 2014/15 (No. 31/2322) £822,361.

Scope

This audit reviewed relevant grant expenditure incurred in 2019/20. The aim was to provide reasonable assurance to the Chief Finance Officer that the conditions attached to the grant determinations have been complied with to enable the 2019/20 annual declaration to be signed and submitted to the DCLG.

Key Findings

- Grant carry forward into 2019/20 was £315.74 against 31/1992 and £155,026.72 against 31/2322 giving a combined balance of £155,342.46
- £31,342.46 has been expended against both Grant Determinations for the Fire and Rescue Authorities Grant in 2019/20 for relevant capital expenditure.
- Audit review confirmed that expenditure from these grants during 2019/20 has been monitored by Strategic Finance and appropriate records maintained.
- Internal Audit sample testing reviewed 100% (£31,342.46) of grant expenditure from 2019/20. The sampled expenditure was inline with the grant determination capital expenditure requirements
- Grant determination 31/1992 has now been fully expended over the course of 2019/20 with no carry forward balance. £124,000 has been carried forward into 2020/21 against the determination 31/2322.

Conclusion

From sample review of the 2019/20 grant expenditure, Internal Audit was able to gain assurance that the expenditure of £31,342.46 has been appropriately classified as capital-related items. Consequently, Internal Audit is able to conclude that the conditions attached to the respective grant determinations have been complied with within 2019/20.

Management Actions

No management actions are required.

Summary of Special Investigations/Counter Fraud Activities

The Counter Fraud Team (CFT) within Internal Audit has received five actionable new referrals in 2020/21 to date, and continued to work on six cases from previous years.

In addition to the referrals that require further investigation by the CFT, advice has been provided to various clients that has allowed management to deal with the item/issue promptly and prevent the matter escalating into an investigation. For example, grant funding to an organisation when the dynamics of the organisation changed which resulted in the cessation of the grant and Covid 19 staff related issues which will likely result in disciplinary action.

Two of the brought forward cases plus two of the new cases referred in 2020/21 has now been completed, of which one has previously been reported to Audit and Governance Committee.

The service areas of the cases referred to Internal Audit within 2020/21 to date are categorised as follows: Adults (2); Childrens (1); Economy, Environment and Infrastructure (2).

Previous years' referrals closed case

The one closed case from previous years, which has not been reported to the Audit and Governance Committee previously, involved the non provision of contracted care to a service user who went to their parents' home every weekend but the provider still charged the Council for the full care package, which covered the weekends. The provider stated that, even though it was a regular occurrence, they were not given the contractual 48 hours notice and therefore were entitled to received full payment, as they had still employed staff to cover the care package.

Current year (2020/21) referrals

Of the two closed cases from the current year one involved the theft of cash from an outlying office over a period of time. The theft of around £200, initially identified by the service area, was reported to the Police but due to the number of staff who had access to the safe the culprit could not be identified. Further analysis of the records by the CFT identified that around £500 was unaccounted for, which could either have been due to theft or non recording of payments made to clients. Advice was provided and new procedures agreed with the service area to minimise the risk of this re-occurring.

The other closed case involved a member of staff's travel claims submitted up to three years in arrears, which has been agreed will not be paid. This is in part due to a number of inconsistencies within the claims, previous issues, and the fact that staff are required under policy, to submit claims monthly and any over three months old require Director approval which had not been given in this case.

Many of the cases referred to Internal Audit involve intricate detail and Police referral. This invariably results in a delay before the investigation can be classed as closed and reported to the Audit and Governance Committee.

National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The next data collections are due to be uploaded to the Cabinet Office this coming October and data matching reports will become available for review from January 2021 onwards. Examples of data sets include insurance, payroll, creditors, pensions, care provision, blue badges and concessionary bus passes. Not all matches are investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area.