

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 undertake 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 Revised Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- The outcomes of the 2020/21 Internal Audit activity concluded between January 2021 and February 2021; and
- Special investigations/counter fraud activity.

Gloucestershire Fire and Rescue Services (GFRS) Action Plan Follow Up Internal Audit activity is separately reported to Audit and Governance Committee, with the third progress report being presented to Committee on 25th March 2021.

(4) Progress against the 2020/21 Revised Internal Audit Plan, 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.

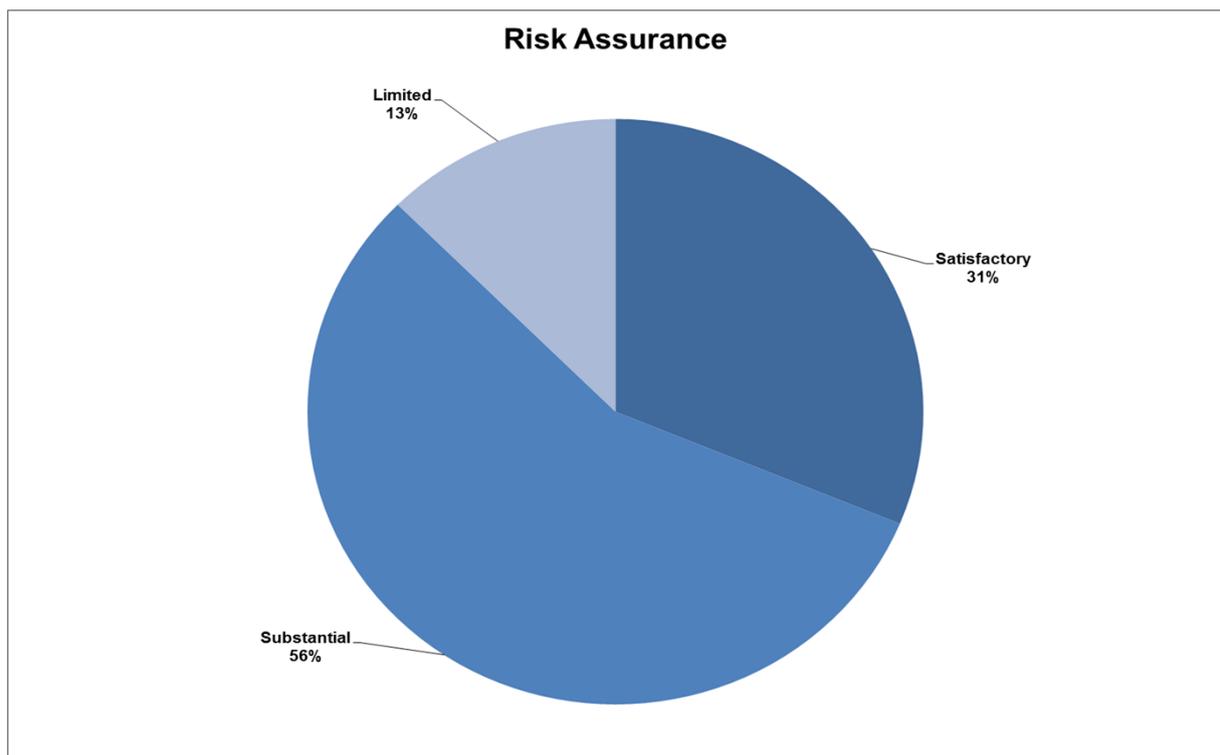
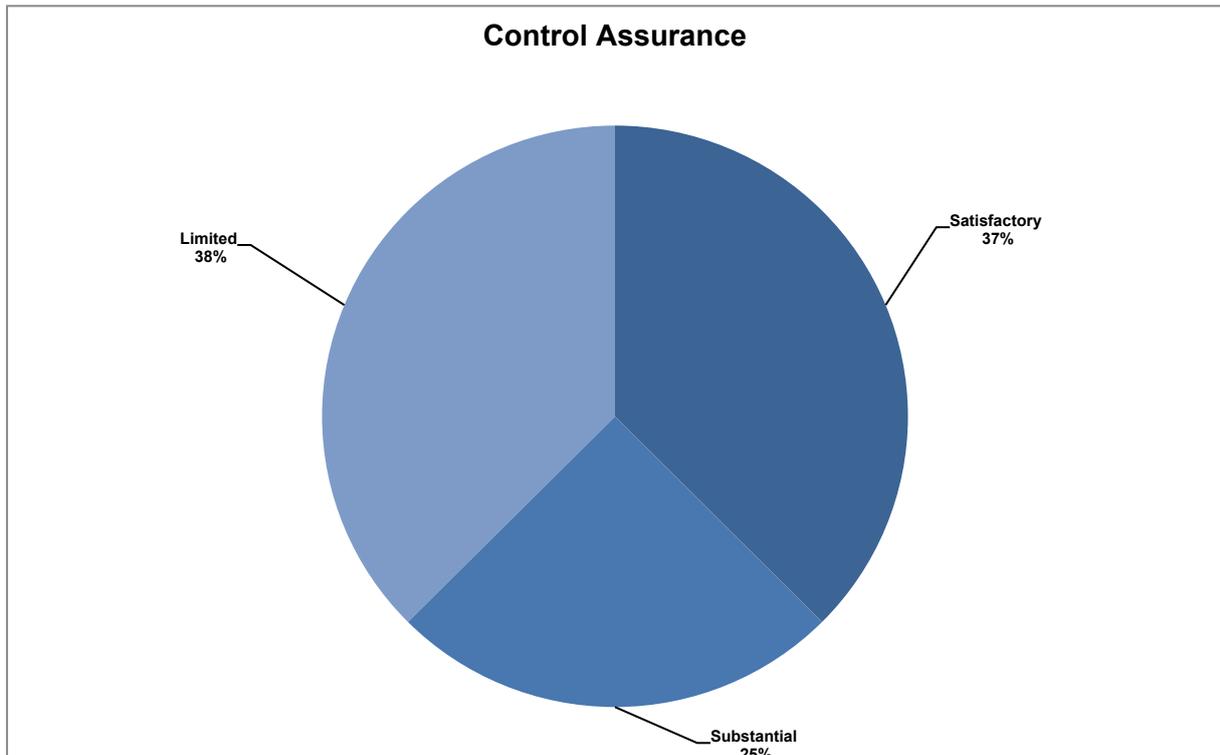
Explanations of the meaning of these opinions are shown below.

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 February 2021.

It is noted that the split assurance control opinion (Limited/Satisfactory) on Client Affairs reported to Committee in January 2021 has been reflected in the satisfactory segment only of the control assurance pie chart.



The pie chart outcomes for 2020/21 audit activity undertaken to February 2021 compare to last year's performance (as reported in the Internal Audit Annual Report 2019/20) as follows:

- 2019/20 control assurance opinion outcomes: substantial 2%; satisfactory 70%; and limited 28%; and
- 2019/20 risk assurance opinion outcomes: substantial 20%; satisfactory 70%; and limited 10%.

(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 period January to February 2021, two limited assurance opinions on control have been provided on completed audits from the Revised Internal Audit Plan 2020/21. These relate to the Council usage of CCTV in compliance with legislation and Expenses and Benefits internal audits.

It is important to note that whilst a limited assurance opinion has been provided on the above areas, 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 period January to February 2021 Internal Audit made, in total, **11** recommendations to improve the control environment, **10** of these being high priority recommendations (**100%** of these being accepted by management) and **1** being a medium priority recommendation (**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 period January to February 2021, one limited assurance opinion on risk has been provided on completed audits from the Internal Audit Plan. This relates to Council usage of CCTV in compliance with legislation.

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 was 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 was presented to Audit and Governance Committee on 30th October 2020 and approved.

The revised document included 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;
- Supports the Council's Covid 19 volunteering effort (e.g. food packages for shielding individuals within the County and the County Covid 19 mass testing pilot) with input from a number of ARA team members;
- Continues to work with Strategic Finance to review/provide assurance regards Premiums for Care Providers;
- 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'); and
- Has completed Internal Audit review of the Lost Sales, Fees and Charges Grant (Covid 19) claim 1 and is progressing review of the second grant return.

Completed 2020/21 Internal Audit Activity for the period January to February 2021

Summary of Limited Assurance Opinions on Control

Service Area: Corporate Resources

Audit Activity: Gloucestershire County Council (GCC) usage of CCTV in compliance with legislation

Background

Gloucestershire County Council (GCC) uses CCTV in a number of ways, for example for security of premises within the corporate estate, in taxis which are used for home to school transport and as body-worn cameras as part of parking enforcement.

Covert use of surveillance camera systems was outside of the scope of this audit as it is covered by separate legislation. Schools were also not part of this review as they are classed as data controllers in their own right and any CCTV systems they operate are separate to GCC's systems. CCTV cameras in the town centres are owned by the district council and were therefore not a part of this audit.

The use of CCTV is covered by a number of regulations and guidance is included in the Home Office Surveillance Camera Code of Practice. The Code includes 12 guiding principles which operators of surveillance camera systems should follow to ensure that their use of CCTV complies with the Code of Practice.

There is a self-assessment tool to help organisations identify if they are complying with the 12 principles. The self-assessment should be completed by each system owner on an annual basis, although it is not yet compulsory.

A data protection impact assessment (DPIA) has to be completed before a new system is installed, as well as if there are any new cameras added to an existing system.

Failure to act on the Code doesn't make a person liable to criminal or civil proceedings but the Code is admissible in evidence and the court can take into account the Council's failure to have regard to the Code.

Scope

This audit reviewed whether GCC's usage of CCTV is in compliance with the statutory legislation and good practice guidance, including the completion of an annual self-assessment of CCTV compliance (although this is not yet mandatory).

Risk Assurance – Limited

Control Assurance – Limited

Key Findings

- The Head of the Council's Information Management Service (IMS) has been assigned GCC's Senior Responsible Officer role with regard to CCTV usage within GCC, as it is linked to the Data Protection Officer role which the Head of IMS already occupies.
- The Council does not have a single record of CCTV systems which are operating within GCC, or where they are sited. There are systems in place in areas within Economy, Environment and Infrastructure, as well as some buildings owned by GCC as part of the corporate estate.
- Some CCTV systems are set up by a manager within a service area, whilst others will have been arranged by GCC's Asset Management and Property Services (AMPS). There are some records but it is not known whether these records, and the information they contain, are complete and up to date.
- The Head of IMS confirmed that there is no specific individual within the service who has the responsibility for monitoring CCTV usage within the Council. The system operators make the decision on who has access to the data that is collected, where it is stored and for how long, but there is no-one who monitors the decisions to ensure they are correct.
- There are plans that as part of the review of the Information Asset Register by IMS, the asset owners will be asked for details of any CCTV systems they also have within their area. Once there is a definitive list of all known CCTV IMS staff will monitor the completion of the self-assessments and DPIAs, which will both be stored and linked with the information asset register.
- A draft CCTV and Surveillance policy is in the process of being written by IMS. The policy, which has been reviewed by Internal Audit, is comprehensive and covers the 12 guiding principles of the Code of Practice, as well as the need for completion of the self-assessment tool and a DPIA. It is expected that once the policy is finished and published, everyone who uses a surveillance system will have to read and accept it.
- A sample of seven system operators was contacted and all were asked the same questions in respect of awareness of the Code of Practice and processes for the use and storage of data from the cameras.

From the responses received the CCTV operators are mostly not aware of the Code and cannot demonstrate they are complying with the 12 principles of the Code, or incorrectly believe it doesn't apply to them.

Only the system operator for the bus lane ANPR cameras could demonstrate awareness of the legislation and guidance and had also completed the self-assessment tool.

Conclusion

The above Key Findings could lead to the Council incurring fines and/or insurance claims if data from CCTV is not held in accordance with data protection regulations and/or subject to misuse. It would also damage the reputation of the Council.

Six High Priority audit recommendations were raised by the report relevant to: Formalisation of the Senior Responsible Officer role for CCTV compliance; Compilation and maintenance of a list of all Council CCTV systems; Finalisation and roll out of the CCTV and Surveillance policy; oversight and monitoring of Council CCTV systems to ensure compliance with requirements (including a co-ordinated approach for CCTV installation and central recording); and ensuring that all CCTV operators are made aware of the relevant Code of Practice, guidance and self assessment tool. Audit recommendation implementation deadlines range from March 2021 up to March 2022.

Management Actions

Management have responded positively to the recommendations made since the audit report was issued in January 2021 and have made progress in a number of areas.

Verbal assurance update from the Head of IMS as at 2nd March 2021 confirms:

- AMPS have confirmed to the Head of IMS that a process has been set up to notify IMS when a CCTV system is installed in any part of Shire Hall or any of GCC's corporate estate buildings.
- The approach and responsibility for monitoring CCTV usage within the Council is still being considered, but will most likely be brought within the current team of information governance advisors.
- The Information Asset Register has been populated with known information and there are now 33 entries relating to CCTV. The Council's Head of Service/Lead Commissioner Annual Governance Statement template has been amended to include CCTV compliance as part of good governance.
- The CCTV and Surveillance policy was approved at Information Board on 5th February 2021 and will be published on the website shortly. In addition, guidance which includes references to the Code of Practice has been developed and published on Staffnet. Frequently asked questions (FAQs) are being developed to support the communication of the new policy and guidance.

Service Area: Corporate Resources**Audit Activity: Expenses and Benefits****Background**

GCC reimburse travel and subsistence expenses incurred in the course of official business. Other reimbursements (e.g. eye tests) are also permitted in line with Council policy. Claims must be made monthly through SAP Employee Self Service (ESS) or hard copy submission to the Business Service Centre (BSC) with payments in accordance with locally and nationally agreed rates. Claim submission and authorisations are completed through the SAP payroll system.

Scope

The objectives of the audit were to ensure that effective systems and controls were in place for the purpose of staff claiming expenses, and controls were in place to scrutinise, approve and monitor expenses claimed by GCC staff.

Staff expenses claimed within the scope of this audit included some of the following as examples of a range of expenses types that could be claimed; Travel, Materials: educational and training, Accommodation; and Hospitality, Catering and Refreshments. This audit did not include the expenses and benefits incurred by Gloucestershire Fire and Rescue Service as this was covered during a separate review

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

Internal Audit identified that there was a policy created by GCC that covered expenses and benefits that could be claimed by GCC staff. This policy covered staff employed with the terms and conditions of the 'Green Book' (Grades 1 to 11), 'Reward Band Employees' (JNC Chief Officers), 'Blue Book' (Soulbury), 'Burgundy Book' (Unattached Teachers), and 'Grey Book' (Gloucestershire Fire and Rescue Service). This policy was supported by Accounting Instructions 8 (Travelling and Meals Expenditure) and 17 (Tax and National Insurance Liabilities on payments and staff benefits) as well as a management guidance note on claiming expenses which were all available on Staffnet to assist employees and managers in ensuring that expenses were claimed correctly and that evidence/supporting documentation was gathered and stored as per HM Revenue and Customs (HMRC) guidance.

GCC expenses and benefits are reimbursed to staff either through an electronic claim via SAP (GCC Financial Management system) or through a manual hard copy claim form submitted to the BSC. In either instance the line manager of the staff member is responsible for authorising the claim. Claims are processed through Payroll to ensure they are treated correctly for PAYE and National Insurance Contributions (NIC) purposes.

The emphasis is on the authorising manager to ensure the expenses incurred are legitimate, accurate and that supporting evidence (receipts where applicable) are retained for the required length of time. Budget holders are also expected to carry out monthly budget monitoring that includes the Payroll and Expenses report whereby they are required to satisfy themselves that payments to staff are accurate, this includes expenses.

Internal Audit did identify that within the Expenses Policy, the rates of reimbursement for mileage were not fully aligned with HMRC guidance for reimbursement rates.

Evidence was seen by Internal Audit that expenses claimed by members of GCC staff either electronically or manually through a claim form were both subject to an authorisation process for which management authorisation was required prior to any expenses claim being paid by GCC. Internal Audit tested all claims paid in December 2019 (514 claims totalling £37,833.22) using data analytics and confirmed that no member of staff during that month had made more than a single expense claim nor had any staff within December 2019 been paid greater than the 45p per mile as per the Travel (expenses and benefits) policy for GCC.

There were, however, breakdowns in the process in regard to the retention of receipts (including fuel receipts) for present and former GCC employees after the expenses had been claimed. The claims selected within the sample also did not always have enough detail recorded to be able to confirm that the mileage submitted in the claim was reasonable for the journey.

Non-compliance was also found when testing the safer driving at work checks that are required to be carried out by managers to confirm that staff are correctly insured for business use, have a valid driving license, and have a current MOT when driving on behalf of GCC. Should an accident occur whereby it was found that the staff member did not have the above, the Council would potentially become vicariously liable for any subsequent damages.

Conclusion

Internal Audit were able to confirm through the review of December 2019 expenses and testing that there was a framework of controls in place that should be followed by managers for the purpose of review and approval of expenses. There was also evidence of a number of documents available to support managers in this task including policies and accounting instructions.

However audit review and testing identified significant opportunities to strengthen the Expenses and Benefits internal control environment. These were relevant to: Review and alignment of GCC mileage rates to HMRC allowances; Ensuring that all expenses claims were completed fully and supported by receipts prior to authorisation; and Completion and recording of annual drivers checks for staff that travel on behalf of GCC for business using their own car. Four recommendations (three High Priority and one Medium Priority) were raised by the audit.

Management Actions

Management have responded positively to the recommendations made.

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: County Wide

Audit Activity: Data Matching Exercise of payments made to Care Providers by GCC and the NHS Gloucestershire Clinical Commissioning Group (CCG).

Background

Early in 2019 an employee of a care provider contacted the NHS local counter fraud service to provide information about alleged duplicate payments the company had received from both the CCG & GCC.

On investigation and through joint sharing of information between the two organisations, duplicated payments were identified although it was established that GCC suffered the loss and the payments made by the CCG were correct.

As both the CCG and GCC make payments to many common providers there is potential for duplicated payments with these providers, as in the above case. It was therefore agreed that a counter fraud exercise to data match payments made by both organisations to these common providers would be undertaken to establish if there were any other duplicate payments.

143 care providers, common to both organisations, have been identified.

Scope

To data match payments to care providers who are paid by both organisations using IDEA (management software that is used to collect and analyse data), to identify potential duplicate payments. This will be undertaken within GCC's Internal Audit function, Audit Risk Assurance (ARA).

Key Findings

ARA performed a data matching exercise during 2020 comparing payments made to care providers by GCC and the CCG during the period 1st April 2019 to 30th June 2020. No matches were identified between the two organisations.

As a control, to ensure that the data matching exercise had identified all potential matches, an additional exercise was undertaken covering a previous period of three months when three known matches, as identified by the investigation mentioned in the introduction, should be highlighted.

Initially only two of the three known matches previously identified, showed as a match; however, it was confirmed that the third match had not shown as the invoice numbers were different in the data provided by the CCG.

The data matching exercise was matched in the first instance on 100% match on invoice number, supplier/provider and amount.

The second exercise matched on supplier invoice and amount, but also did a near match on the invoice number to pick up slight variations. In both exercises no additional matches were identified between GCC and CCG data.

However, the data matching exercise did identify apparent duplicate matches within the GCC data set (i.e. not a match with the CCG) and these have all been investigated. Consequently nine duplicate payments to the value of £11,464 were identified and it was confirmed that steps had already been taken to recover the overpayment in six of the nine cases. The other three duplicates have been brought to the attention of the appropriate service area to recover the debt and the question asked about why the duplicate payment had been made in the first instance. In addition, there would have been significant additional duplicates with a particular provider but the potential duplication error was uncovered in the service area in time to stop the BACS payment.

Conclusion

Based on the data analytics conducted by ARA, appropriate assurance can be provided that there were no duplicate payments made between GCC and CCG (NHS) with regards to payments to care providers during the period investigated.

Management Actions

In line with the three case outcomes for further investigation by the relevant service area. No further management actions are required.

Service Area: Economy, Environment and Infrastructure**Audit Activity: Growth Deal – Growth Hub Business Model (Consultancy)****Background**

Local Growth Deal funding of £9.4m was awarded for the development of the Growth Hub where the GFirst LEP (Local Enterprise Partnership) was the Project Promoter. The Gloucester Growth Hub formed in 2014 as a result of a partnership between GFirst LEP and the University of Gloucestershire.

The functionality of the Gloucester Growth Hub is now being expanded across the county into a three-tiered Growth Hub network business model. Tier 1 centres have a specialism or research and development function, Tier 2 centres are general business support facilities and Tier 3 centres act as signposting services to the larger centres.

In 2018, new Growth Hub centres were opened in Cirencester, Tewkesbury and at the 31 Gloucestershire County Council library sites. The Stroud centre opened immediately prior to the Coronavirus pandemic and has been offering a virtual service throughout. The plan was for the Forest of Dean centre to open during 2020 with Cheltenham opening in 2021.

Scope

The objectives of the audit were to provide assurance on the following:

- The effectiveness of the management relationship between the LEP, the University of Gloucestershire and the rest of the centres in the Growth Hub network; and
- The effectiveness of the current phase of the Growth Hub network business model in terms of its robustness, sustainability and consistency of practice of the centres across the county.

Key Findings

For the effectiveness of management relationships:

- Growth Hub Centre managers understand the vision and mission of the Growth Hub network business model and their roles and responsibilities within that, although businesses appear to have difficulty in understanding the set up tier system;
- There is effective communication in terms of feedback, awareness raising and updates from the LEP as well as Growth Hubs having opportunities to input into how Growth Hubs operate. As the Growth Hub network continues to grow, so must the internal communications otherwise there is a risk of losing sight of the developments and this could confuse the market; and
- The Growth Hub performance reporting process could be more structured across the whole Growth Hub network in terms of the process for collecting feedback from clients on the support they have received.

For the effectiveness of the current phase of the Growth Hub network business model:

- The strengths are deemed to be the extensive geographical reach and associated local character of each Growth Hub, effective working relationships with partners, the ability to have face-to-face contact with clients, free workshops and the Growth Hubs achievement of targets;
- The weaknesses are deemed to be the volume of paperwork that the clients are required to complete, the need for improved communications with businesses and a 'Gloucester centric' perception in terms of marketing, events support and the Growth Hub website;
- The threats are deemed to be conflicts of interest that can develop where Growth Hubs are required to meet targets set by the LEP as well as their partner organisations, changing business and market behaviours, competition from other professional services that may replicate the Growth Hub model, a reduction in funding and the financial instability of partner organisations; and
- The opportunities are deemed to be expanding the Growth Hub network including the provision of more co-working space, communicating with and supporting all types of businesses, providing specialist advice that businesses need, improved marketing to the business community, facilitating businesses to help other businesses and the potential development of Youth Hubs.

Additional themes that were identified specifically for libraries were as follows:

- The Innovation Lab should play a more integral role in the overall mission of the Growth Hub and there are no Growth Hub targets that need to be achieved and reported by the Innovation Lab/s;
- Libraries (Tier 3) targets are not clearly defined. Tier 1 and Tier 2 Growth Hubs have specific targets but there is no understanding of how libraries/access points link into that;
- There are concerns that the libraries involvement in creating contacts is not being captured. Website interactions cannot be attributed to libraries and as such, the Growth Hub is not aware of how many referrals have come from libraries;
- More site visits from Growth Hub staff would be appreciated in order to maintain relationships. Conversely, it would be helpful if library Team Leaders could visit Growth Hub sites; and
- A monthly event at the Innovation Lab in conjunction with Growth Hub partners would be useful and speakers would also be welcome at libraries.

The 'EBS Consulting' (EBS) Growth Hub Evaluation Report was an impact evaluation of the Growth Hub's activities between April 2019 and March 2020 against the evaluation requirements of the Department for Business, Energy and Industrial Strategy (BEIS).

The EBS review had a wider remit than the objectives of the audit however, there are some key points to note where the findings in the EBS report align with those of the audit, namely:

- The original Gloucester Growth Hub was predicated on driving businesses to a central support location but data showed that reach into the wider county was limited. Therefore, an alternative method of engaging businesses throughout the county had to be found and the Growth Hub network business model is proving effective in achieving this;
- The Growth Hub has engaged with 25% of the local business population since it opened in 2014. This exceeds the penetration rates achieved by most Growth Hubs that have been evaluated. This could be partly attributed to the Growth Hub network business model that has a wider Growth Hub presence across Gloucestershire;
- In spite of the separate Growth Hub locations, the service still feels 'very Gloucester centric';
- There is a very high level of Growth Hub customer satisfaction;
- Sustainability will need to be considered with a potential need to commercialise the offer post 2022; and
- The use and effectiveness of Growth Hub resources in the 31 libraries across Gloucestershire should be reviewed in terms of their added value to the Growth Hub offer.

Conclusion

The conversations that were held with Growth Hub, library and Innovation Lab staff have produced insightful results within the key themes that were identified for discussion. Internal Audit recommended that these should be considered by Gloucestershire County Council and GFirst LEP management as their implementation and application could further enhance the effectiveness of the Growth Hub network business model.

Management Actions

Management has responded positively to the one High Priority recommendation made.

Service Area: Economy, Environment and Infrastructure (Grant Certification)**Audit Activity: Emergency Active Travel Fund****Background**

On 29th June 2020 a letter was issued by the Department for Transport (DfT) stating that the Government was to allocate £210,999 of Emergency Active Travel Fund to Gloucestershire County Council. This emergency funding was to support walking and cycling in Gloucestershire as a result of the Covid 19 pandemic changing people's attitudes to commuting and travel. The grant allocation for Gloucestershire County Council (GCC) was received on 6th July 2020.

Scope

The Chief Executive and the Head of Audit, Risk and Assurance were required to sign and return to DfT a declaration by 31st March 2021 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 Covid 19 Emergency Active Travel Fund Grant No 31/5099 have been complied with".

The audit scope was to provide assurance that the conditions of the grant determination had been complied with.

Key Findings

- This declaration was made in respect of the £210,999 grant allocated to the authority under the grant determinations detailed above received in 2020/21.
- The records supplied by the Strategic Finance Accountant confirmed that as of January 2021 £397,624.57 of applicable expenditure had been incurred against the Emergency Active Travel Fund. Internal Audit selected and reviewed a sample of 8 transactions with a combined total of £181,694 (86% of the DfT funding). Internal Audit was able to confirm that the sampled expenditure was in accordance with the relevant DfT grant conditions.
- Internal Audit were able to confirm that the funding was spent in accordance with the Pro Forma completed by GCC prior to the release of funding by the DfT and met the conditions of the memorandum of understanding attached to the grant determination.
- The capital expenditure for the Emergency Active Travel Fund was monitored by the Capital Accountant who confirmed that this expenditure related fully to the purchase of capital items and was accounted for as such in the Council's financial accounting system. The Capital Accountant also confirmed that GCC will cover the £186,625.57 of expenditure incurred against the project beyond the grant funding received.

Conclusion

Based on discussions with officers and a review of records maintained by the Council, Internal Audit gained assurance that the conditions of the grant determination No.31/5099 for 2020/21 had been fulfilled and as such the Emergency Active Travel Fund declaration was signed and submitted to DfT.

Management Actions

No management actions are required.

Summary of Special Investigations/Counter Fraud Activities**Special Investigations/Counter Fraud Activities**

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

Four of the brought forward cases plus four of the new cases referred in 2020/21 have now been completed. All but one have 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 (3); Childrens (3); Corporate (1); Community Safety (1); and Economy, Environment and Infrastructure (3).

Previous years' referrals closed case

Of the four closed cases from previous years, three have already been reported to Committee. The fourth case involved concerns relating to cash missing from a library. Due to time delays in identifying and reporting the loss and the number of people with access to the safe and the non public backrooms, it was not possible to undertake a conclusive investigation. However, the CFT worked with the library and made suggestions to strengthen the internal controls going forward.

Current year (2020/21) referrals

All four of the closed cases from the current year have already been reported to the Audit and Governance Committee. A number of other cases are nearing their conclusion and these will be reported to the next Audit and Governance Committee.

It is noted that one 2020/21 case currently under investigation has resulted in additional information and whistleblowing allegations being received. These concerns are running concurrent to the original investigation.

As mentioned previously, 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 data collections for the 2021/22 exercise were uploaded to the Cabinet Office between October and December 2020. The data matching reports resulting from the data upload were released from mid January 2021. The timetable can be found using the following link [GOV.UK](#).

Examples of data sets include insurance, payroll, creditors, pensions, blue badges and concessionary bus passes. Not all matches are investigated but where possible all recommended matches are reviewed by either the appropriate service area or in some cases Internal Audit. Any irregularities identified will be reviewed by the CFT.