

APPENDIX A - SUMMARIES OF COMPLETED AUDITS

A. CORPORATE / ADULTS, CHILDREN AND EDUCATION

A1 Contract Management

The objective of the audit was to review the adequacy and effectiveness of the Council's Contract Management within the Council. Specifically, the audit reviewed:

- Contract management systems and framework.
- Governance and guidance to ensure that poor contract management arrangements are quickly identified (as per Annual Governance Statement 16/17 Tracker actions).
- Recording and assignment of contract manager for a sample of current contracts.

Based on the completion of the fieldwork, a **Limited Assurance** Audit Opinion was assigned. The key **area of compliance / good practice** identified during the review is summarised as follows:

- A Contract Managers Forum has been established by the IT Supplier Relationship Manager to provide guidance to contract managers.

The audit also identified the following **areas for improvement**, for which 7 recommendations were made, which included:

- Standards were inconsistent with examples of both good practice and inadequate contract management.
- There was no corporate framework for the managing of contracts. The review identified that individual contracts have their own frameworks with varying levels of resources. The recommendation was for generic baseline corporate contract management principles to be established.
- There was generally no business continuity or disaster recovery provision for contracted services and no decommissioning protocols when contracts are not renewed or terminated due to unsatisfactory performance.
- There was no formal training or establishment of baseline competencies for contract managers.
- There was little evidence of contract risks being formally mapped in a standard and structured manner and also the Corporate Risk Register and Directorate Risk Registers do not include risks associated with contract management.
- There was no specialist contract management advisory function to assist contract managers.
- Although checks on providers, for example for financial stability and insurance arrangements, are made at the outset, this was generally not reviewed as part of regular contract monitoring and management.

All recommendations were agreed for implementation.

A2 Adult Care Provider Failure

The Care Act 2014 places a temporary duty on local authorities to meet and support the needs of vulnerable adults in the event of a registered care provider being unable to carry out that activity due to business failure. The objective of the audit was to review the adequacy and effectiveness of the Council's risk management and control regarding care provider failure. Specifically, the audit reviewed:

- Procedures in place to be implemented in the event of a business failure of a care provider.
- Accountabilities and responsibilities of provider and client.
- Risk identification and management of care providers.
- Contract management /monitoring.
- Complaints monitoring / safeguarding alerts.

Based on the completion of the fieldwork, a **Reasonable Assurance** Audit Opinion was assigned. The key **areas of compliance / good practice** identified during the review are summarised as follows:

- Arrangements to mitigate the risk of provider failure are generally sound.
- Risk identification and management of care providers is controlled through a Quality Assurance process, which is informed, in a timely manner, with information updates from the safeguarding alerts and complaints process. This information results in a "Services of Concern" list, showing the current position of concerns and subsequent actions taken.
- A new Quality Assurance process has been established for providers of residential care and Community Support Services, which, once fully embedded, will enable more efficient data analysis for more proactive early identification of risk factors.
- Early identification of risk relating to providers has helped protect against unexpected failure and the subsequent emergency remedial action that this would necessitate.
- Once identified, risk of failure is acted on appropriately by either supporting the provider or by ensuring the needs of the service user is not impacted where provider failure becomes unavoidable.

The audit also identified the following **areas for improvement**, for which three recommendations were made:

- The formal Provider Failure Policy which includes procedures to be followed needs to be finalised, approved and made available to staff.
- A "Market Position Statement", which forms part of the Council's relationship with the care and support sector, needs to be finalised and published.
- The system to capture data and monitor targets for providers of residential care and community support services should continue to be embedded.

All recommendations were agreed for implementation.

A3 Adult Social Care (ASC) Commissioning

The Care Act 2014 sets out a requirement for Councils with adult social services responsibilities to provide oversight of the care market, to work with providers to develop high quality services, to assure capacity to meet local needs and ensure people who use services are safe. The Council spends approximately £143m annually on adult social care.

The objective of the audit was to review the adequacy and effectiveness of the Council's risk management and control regarding care provider failure. Specifically, the audit reviewed:

- Commissioning strategy and its implementation to ensure local need are met.
- Commissioning systems and framework.

Based on the completion of the fieldwork, a **Limited Assurance** Audit Opinion was assigned. The key **areas of compliance / good practice** identified during the review are summarised as follows:

- An emergent Commissioning Strategy.
- The recent appointment of a Head of Adult Care Commissioning, whose role includes oversight of contract management, has enhanced leadership.
- There is an ASC Risk Register.
- There was evidence that the Care Act provisions have been embedded into the ASC Commissioning Strategy and the actual commissioning.

The audit also identified the following **areas for improvement**, for which six recommendations were made:

- Although there was an ASC Risk Register, there was no evidence of regular review or consistency of recording and monitoring.
- There also were no commissioning risks recorded in the Directorate Risk Register and hence no consideration of escalation to the Corporate Risk Register. This finding is emphasised given the annual spend associated.
- The need to embed the Commissioning Strategy into operational /service plans.
- There was not a consistent approach to commissioning and template for the commissioning of ASC (with the exception of Initiation Documents). Internal Audit referred management to National Audit Office guidance on ASC Commissioning.
- There was no formal commissioning review process of key stages (gateways) with the exception of the approval at the initiation stage.
- There was a not bespoke training and induction system for Commissioning staff.

All recommendations were agreed for implementation.

A4 Changes to Payment Terms

Internal Audit was requested to review the processes utilised when there are changes to supplier payment terms which are in favour of the supplier and provide advice / recommendations as appropriate.

The Council's standard payment term is 30 days. Payment terms are clearly stated within the terms and conditions of contracts and on all official Purchase Orders.

The updated Procurement Regulations (approved in May 2018) state that any variation to standard payment terms must be approved by the S.151 Officer. This replaces the previous Regulation that stated "*An existing contract must not be varied without the written consent of an Authorised Legal Officer.*"

A sample of suppliers, for the period 2016/17 and 2017/18 was reviewed where BCC' standard payment terms of 30 days had been changed in favour of the supplier (e.g. "immediate", "seven days", "14 days" or "21 days"). The testing indicated that a third of the sample of payment terms had no reasonable explanation or authorisation for the change.

The audit also identified the following **areas for improvement**, for which six recommendations were made, including:

- As per updated Procurement Regulations, no variation to standard payment terms be made without the approval of the S.151 Officer.
- A process should be developed which specifies the supporting documentation and authorisation required before consideration by the S.151 officer.
- Suppliers that have an authorised agreed exemption from standard payment terms should be created in distinct groups on the ABW system with associated payment terms reflecting any agreed exemptions.
- The Systems and Data Team (Corporate Finance).should work with the Procurement and Commercial Solutions Service to investigate how to progress towards ensuring that all other suppliers are set to the Council's standard 30 day payment terms unless express authorisation from the S.151 Officer has been recorded to the contrary.
- A review of the unsubstantiated variations identified should be undertaken.

All recommendations were agreed for implementation.

A5 Voluntary Sector Commissioning

The Council's Voluntary Sector Commissioning Service commissions £3.5m through the Bristol Impact Fund, providing funding to voluntary organisations to assist in the achieving of the Council's strategic objectives.

The objective of the audit was to review the adequacy and effectiveness of the Council's governance, risk management and control regarding grant making decisions on behalf of the Council and to ensure the appropriate commissioning protocol is followed. Specifically, the audit reviewed:

- Decision making processes to ensure the appropriate commissioning protocol is followed under Procurement and Financial Regulations.
- Monitoring arrangements and sampling of grants to ensure compliance.
- A sample of grant payments to ensure Procurement / Financial Regulations had not been breached.

Based on the completion of the fieldwork, a **Reasonable Assurance** Audit Opinion was assigned. The key **areas of compliance / good practice** identified during the review are summarised as follows:

- The establishment of a Strategy.
- Senior Management oversight.
- Good commissioning and monitoring systems.
- Procurement / Financial Regulations had not been breached in the sample tested.

The audit also identified the following **areas for improvement**, for which five recommendations were made:

- The need to follow Council Risk Management Policy in the management of risk associated with voluntary sector commissioning.
- The guidance on the definition of contracts and grants to be reviewed in liaison with Legal Services to ensure it is up to date and provides sufficient clarity.
- Where grants are commissioned by Directorate other than Adults, Children and Education, there should be standard commissioning and monitoring arrangements.
- There is no central register of grants issued by the Council.
- The need for staff who commission and monitor grants to be provided with bespoke training.

All recommendations were agreed for implementation.

B. CORPORATE / RESOURCES / COMMUNITIES

Technical IT audits have been completed in a number of areas cross Directorate, many of which are interlinked and these five summaries will cover them collectively.

B1 Future State Assessment of ICT

In 2017, a Current State Assessment of ICT was commissioned by the Council which identified the need for significant improvements across the Councils ICT infrastructure. A subsequent review was then commissioned, the "Future State Review", which involved a detailed review of all ICT related matters and services.

Internal Audit worked alongside the review team examining their methodology, findings and recommendations. The aim was to provide the Interim Service Director - ICT with assurance that the resulting assessment was robust and recommendations made to the Council were well founded to support the development of the Council's ICT Strategy.

Based on the completion of the fieldwork, a **Reasonable Assurance** Audit Opinion was assigned. Our work concluded that:

- The assessment delivered is comprehensive, sufficiently detailed, reflects the current state of the Council ICT and recommends a future state that is modern, flexible and stable.
- The methodology used by the review team is appropriate, comprehensive and has been executed by experienced and appropriately skilled staff.
- The transition plan appropriately prioritises projects required to deliver the future state and phases their delivery across a five year period.
- However, the level of change is significant and ambitious. It will require significant engagement, direction and support from the wider Council, at a time when resources are reducing and pressures to deliver savings against agreed savings plans will be the focus of many service areas.

Four high priority recommendations have been made to management which, if implemented, should support delivery of the recommended transition plan by ensuring:

- Appropriate leadership and focus is applied, including consideration of the need for an IT Strategy Board as part of governance arrangements.
- People with the capacity, capability and necessary experience are in place to lead and deliver the required transformation.
- The transition plan is correctly resourced both from within ICT and also more widely across the Council and aligned with supporting functions.
- Robust programme and project management practices exist throughout the transition phase.

In July 2018, Cabinet approved a refreshed IT Strategy, target operating model, the transition plan and additional resources to assist with delivery of improvements.

All recommendations were agreed for implementation.

B2 Digital Strategy

Digital transformation is the integration of digital technology into all areas of an organisation, fundamentally changing how it operates and delivers value to its customers.

The audit review was carried out to provide the Interim Service Director - ICT with an assessment of the organisation's capacity and capability to deliver greater digitalisation of services going forward. Areas covered by the review included:

- Digital vision, strategies, plans and road maps.
- Governance of digital transformation, including Member and Senior Management Team engagement.
- Digital leadership capacity and capability across the Council.
- Organisational capability and capacity to support digital transformation.

Further details are provided for members in the exempt Appendix.

B3 Third Party Assurance

The Council has IT hosted services that provide core and non-core functions. IT hosted services help the Council improve efficiency and drive performance but they also increase risks related to information and data loss since information is held on third party servers. Therefore, suppliers of externally hosted solutions must have adequate procedures, controls and technologies in place to protect information but they should also ensure availability, recoverability and inter-operability with other systems.

The purpose of this review was to ensure that robust mechanisms are in place to ensure that commissioning of IT hosted services has considered availability, security and resilience in order to protect the Council's data. Specifically the review covered:

- A review of the process for engaging new providers of hosted ICT services in terms of assurance over availability of their service, security and resilience.
- IT security and resilience over the life cycle of the ICT contract.
- A review of the controls over "shadow IT".

Further details are provided for members in the exempt Appendix.

B4 Financial Systems Security and Resilience

The financial system is the key accounting system used by the Council. It is used for production of the annual statement of accounts, for ongoing management accounting and budget management. It is also used to administer the Council's expenditure made to suppliers, residents and service users and income from debtors. The system therefore forms a substantial part of the financial control environment.

The scope of this assignment included the following areas:

- Governance arrangements for system security.
- Security controls.
- System and data integrity controls.
- Third party hosting arrangements.
- Business Continuity, including back-up and recovery.

Further details are provided for members in the exempt Appendix.

B5 Operations Centre - On Premise Security and Environmental Controls

Internal Audit has reviewed the on premise (i.e. non-cloud based) ICT security and environmental controls for the Operations Centre at Bristol City Council. The original Terms of Reference had a Project Management focus. On review, however, the complexity of the hybrid-cloud environment, the centres reliance on IT and the large scale nature of the project, resulted in the Terms of Reference being amended to ensure adequate coverage over these higher IT risk areas.

The Operations Centre has a heavy reliance on a secure, resilient and available IT infrastructure. It is responsible for traffic management services, CCTV and public safety and telecare provision. Partners also host critical services on the Operations Centre Infrastructure and the Centre must be available 24/7, for 365 days of the year. It must therefore be highly secure and resilient.

The scope of this assignment included the following areas:

- Security Governance and Information Risk Assessment.
- Operations Centre Boundary Control and Intrusion Prevention System (IPS).
- Network Policy controls including segmentation and access controls.
- Vulnerability management and break detection capability.
- Physical security and environmental control.

Further details are provided for members in the exempt Appendix.

C. CORPORATE

C1 Partnership Governance

The Corporate Strategy 2018-2023 places increased emphasis on the Council working in partnership across the public, business and community sectors, sharing responsibility for finding joint solutions for the challenges all are facing.

The Partnership Boards currently in place include:

- Bristol Homes
- Health and Wellbeing
- Learning City
- Children and Adult Safeguarding.

The Council has, however, an unspecified number of other 'partners' with the relationships having varying levels of formality.

Partnership management requires efficient management from contract creation, execution, governance, monitoring and performance analysis for maximising value for money, achieving expected business benefits and minimising risk arrangements for service delivery.

The Council has the responsibility to maintain high standards of corporate governance and accountability in all areas of work, including partnership working, in order to maintain public trust and confidence. Partnership governance can pose particular difficulties where there may be a mismatch between culture, ambitions and priorities of different partners. As with any partnership arrangements there are risks around governance, control and value for money.

The Annual Governance Statement 2017/18 action plans identified the need to review partnership agreements, with an aim to provide guidelines on best practice, value for money and minimising the risk to which the Council is exposed.

The objective of the audit was to review the adequacy and effectiveness of the Council's existing strategic partnerships working arrangements, partnership governance, risk management and related internal controls. Specifically, the audit reviewed:

- The current Partnership Register to consider the completeness of recording of partnership arrangements.
- The Partnership Toolkit and other guidance notes available to Services / Directorates to identify key risks of partnership working and how those risks should be managed.
- The adequacy and effectiveness of risk management arrangements.
- High level assessment of selected partnership arrangements to review how these are managed including review of established performance indicators, reporting and monitoring arrangements.

Based on the completion of the fieldwork, a **Limited Assurance** Audit Opinion was assigned. The key **areas of compliance / good practice** identified during the review are summarised as follows:

- Risks relating to partnership working were acknowledged in the Budget risk matrix paper presented to Council and mitigations were being developed.
- An assurance process is in place which requires Executive Directors, Service Directors and Heads of Service to confirm regarding effective partnership arrangements within their Directorates as part of the annual assurance process collated to inform the Annual Governance Statement.

The audit also identified the following **areas for improvement**, for which four recommendations were made, which related to the following findings:

- The Council has set up partnership arrangements with varying degree of formality. Governance and risk management arrangements are inconsistent in the absence of clearly defined governing principles.
- A Partnership Register, with records of existing partnership arrangements, as required by the Partnership Policy (2010) has not been in place.
- The Partnership Policy and Toolkit (2010) is not aligned to the Council's current structures and ways of working. In the absence of an updated framework, there is no guidance to support officers and members on the approach to partnership working, strengthen accountability, data sharing and security and the managing of risks.
- There has been no identified lead to progress development of partnership working, as per proposals presented to the Audit Committee in April 2016. (Such proposals included reviewing membership and purpose of non-core partnerships to ensure resources are focused effectively and the development of measurements to evidence financial and social value).
- Annual Service Plans and performance measurement indicators / outcomes are not defined for all statutory and strategic partnerships.

All recommendations were agreed for implementation.

D. ADULTS, CHILDREN AND EDUCATION

D1 Schools Financial Governance

Audit reviews were undertaken at five schools/ nurseries to provide assurance that controls relating to financial administration of schools were effective and that, where the School budget is in deficit, a recovery plan is in place, appropriate and has been implemented. Specifically, the audits included reviews of:

- Financial Governance.
- Financial Framework.
- Budgetary Control.
- Deficit Recovery Plans.
- Financial Support.

The audits of financial governance at the five schools resulted in the following Audit Opinions being assigned:

- An infant school - **Reasonable Assurance**
- A special school - **Limited Assurance**
- Two nursery schools - **No Assurance and Limited Assurance**
- A primary school - **Limited Assurance**.

The main findings were:

- The five schools had significant deficits; at the time of the audit the projected year end deficits totalled in excess of £1.6m.
- Only one of the schools had made significant progress in reducing their projected deficit, largely through reductions in staffing costs; the others had seen their projected deficit increase.
- Three of the five schools had a good governance framework in place, but the commitment of governors varied considerably across schools.
- Financial skills and expertise was limited in all schools visited.

In total, 27 recommendations were made across the five schools including:

- Submission of a 2018/19 budget demonstrating how the deficit would be addressed.
- Agreement of a support plan with Council staff.
- Ongoing oversight of school finances by governors.
- Better documenting of financial matters including review of budget, financial delegations and declarations of business interests.
- Ensuring governors and staff had sufficient financial expertise.

All recommendations were agreed for implementation, although one nursery school did not agree the Audit Opinion of **Limited Assurance**, citing external factors which had reduced the school's ability to manage its budget.

In addition to the five audits above, an overarching report was prepared, which collated the themes and also related to oversight arrangements of schools financial governance, for example financial support provided to schools. This review resulted in an Audit Opinion of **Limited Assurance** being assigned.

The main findings identified were:

- Useful work had been undertaken in supporting schools, analysing schools' financial data and feeding back informally to school staff.
- Roles, processes and interactions of Council teams were not clearly defined from the start of 2017/18.
- Issues in relation to individual schools had not been formally reported or escalated and there had been delays in responding to schools submissions of budgets, financial reports and queries.
- Formal intervention by the Council had been late and inconsistent.
- The Council needed to consider how it can best support schools.

Six recommendations were made including:

- Applying a more consistent approach to monitoring and supporting schools financial governance in 2018/19 – a revised approach has already been put in place for 2018/19 and is currently being implemented.
- More formal and quicker escalation of financial issues as they become apparent.
- More consistent and prompter intervention in schools with significant financial issues, where it is apparent that support is needed.
- A review of structures, policies and procedures and the level of overall resource needed to support schools.

All recommendations were agreed for implementation.

D2 SS Peter and Paul Catholic Primary School

The objective of the audit was to provide an independent audit opinion on the effectiveness of internal controls relating to financial arrangements at the school, including the following arrangements:

- Governance arrangements.
- Expenditure.
- Income.
- Budgetary Control.
- Payroll monitoring arrangements.
- Asset Management.
- Information Security.
- Unofficial Funds.
- Business Continuity Planning.

Based on the completion of the fieldwork, audit opinions were assigned to each school with, a **Reasonable Assurance** Audit Opinion assigned for both schools. The key **areas of compliance / good practice** identified during the review are summarised as follows:

- Budget monitoring.
- Preventing unauthorised spend and /or obtaining best value.
- Data Protection.
- Business Continuity arrangements.

The audit also identified the following **areas for improvement**, for which 13 recommendations were made, including:

- Minutes of Governors meetings needing to evidence that budgets and financial reports had been appropriately scrutinised.
- Evidence of declaration of business interests by governors and staff were not available (this was addressed during the course of the audit).
- The School's Finance Policy in respect of the financial parameters for when tenders or quotes are required was not aligned to the Council's "*Finance Policy for Locally Maintained Schools.*"
- Control improvements in the recording and checking of income are required and the in the segregation of duties between the person collecting and recording the income and the person banking it.
- The School Imprest Account had never been reconciled.
- The Bank Mandate required updating.
- Although the School Fund had recently been audited, no cash book or spreadsheet was maintained to record income and expenditure.

All recommendations were agreed by management for implementation.

D3 Schools Financial Value Standard Return

All local authority maintained schools are required to complete a Schools Financial Value Standard (SFVS) return, authorised by the Chair of Governors. The SFVS is a self-assessment designed to help schools manage their finances and to give assurance that they have secure financial management in place.

The local authority is required to collate the SFVS and complete a summary return to the Education and Skills Funding Agency (ESFA) confirming that all eligible schools have completed an SFVS. Internal Audit collected the SFVS returns from 79 eligible schools and confirmed reasons for non-completion from a further 11, of which 10 were subject to Academy Order and 1 had financial delegation withdrawn.

The summary return was made to the ESFA by the deadline of 31 May 2018.

E. GROWTH AND REGENERATION

E1 Major Projects Delivery

The Growth and Regeneration Board (G&R Board) was established in January 2018. The purpose of this Board is to provide a strategic forum for review and monitoring of regeneration assets and growth programmes and projects; enabling effective decision making and ensuring alignment with the wider objectives of the Council.

The Corporate Capital Programme 2017/18- 2022/23 was approved by Council on 20 February 2018. The G&R Directorate is responsible for the delivery of nearly 70% (£513m) of the Council's total capital programme budgets (£745m). For 2018/19, the approved Capital budgets are £133m for G & R directorate and £189m for the Council. The G&R Directorate budget includes include key developmental projects within Transport (including strategic transport and development of sustainable transport), Energy Services, Regeneration & Major projects, Housing Delivery and Strategic Property which are critical elements of the overall corporate strategy and growth objectives

Internal Audit had early engagement with the Steering Group and G&R Board to support its development and review progress. Internal Audit met with key staff, reviewed documentation and commented on emerging structures and processes regarding the G&R Board's governance arrangements.

At the time of this Internal Audit review, the G&R Board was in a transition period, setting up processes of internal control, risk management arrangements and corporate governance. Consequently Internal Audit did not conclude on the level of assurance.

Internal Audit noted that the G&R Board's draft terms of reference were not aligned to the recently published new Decision Pathway. The G&R Board considers its remit to be focussed on programmes and projects within the G&R Directorate, however, the Decision Pathway requires all capital projects to be referred to the G& R Board.

A recommendation was made and agreed that The G&R Board's role, remit, governance and reporting arrangements should be clarified, formally agreed and communicated via Terms of Reference.

This recommendation was agreed for implementation and Internal Audit will undertake a subsequent review in 2018/19.

E2 Investment Property Portfolio

The objective of the audit was to review the adequacy and effectiveness of the Council's management of its Investment Property Portfolio. Specifically, the audit included the following:

- Identify Investment property holdings which are nearing the end of their current term arrangements and any back log of holdings where arrangements have lapsed. Ensure appropriate arrangements for their review are in place including the establishment/review of income thresholds/targets.
- Assess progress with the aim to deliver growth in short term rental income of £1.5m per annum and that the rental income growth objective remains realistic and achievable.
- Review progress with the development of a formal Property Investment Policy and consider whether current portfolio holdings are in line with the Investment Policy.

Based strictly against the agreed scope, a **Limited Assurance** Audit Opinion was assigned. The key findings identified during the review were:

- At the time of the audit, 50% of the portfolio was pending rent reviews and renewal of expired leases. The Property Team stated that the corporate priorities to deliver on capital targets, the reduction in resources and relatively lower potential of rental uplifts on reviews have led to such extensive back-logs.
- Arrangements had been put in place with external firms to address the backlog. Although these arrangements would not remove the complete backlog; priority was being accorded to properties with potential of rental uplift. Capital receipts of approximately £13m had been generated since 2016/17.
- The objective of short term rental revenue uplift of £1.5m as presented to the Place Scrutiny Committee in December 2016 was over optimistic and not supported by formal business plans. The Property Team stated that the proposal included the possibility of reinvesting capital in Investment grade properties to generate higher returns and revenue initiatives such as digital advertising, which would not be possible without wider corporate support.
- There was little evidence of progress in developing an overarching corporate Property Investment Policy as stated in the presentation made to the Place Scrutiny committee in December 2016.

Six recommendations for improvement were made, which included:

- The development of a Corporate Property Investment Policy, with clear investment criteria, target returns to provide a consistent basis for decisions on the Portfolio.
- Priorities and resourcing for rent reviews should be determined to mitigate the risk and maximise returns with close monitoring of progress.
- A timeframe for clearing the backlog should be set.

All recommendations were agreed for implementation, although the Property Services Team did not accept the 'high' priority of some of the recommendations, given the actions already under way.

F RESOURCES

F1 Payroll System Controls and Right to Work

Payroll is one of the key financial activities within BCC and is fundamental to effective delivery of Council services. It is also important to ensure that staff employed by the Council in providing those services have the appropriate legal status and right to work to avoid BCC being liable and penalised for non-compliance with the statutory employment rules and regulations.

The objective of the audit was to review the adequacy and effectiveness of the internal controls regarding payroll systems and right to work processes. Specifically, the audit reviewed:

- Starters and employees right to work.
- Leavers.
- Other amendments to payroll data.
- The accuracy and completeness of the monthly payroll run.
- Interfaces with other Council systems.

Based on the completion of the fieldwork, a **Reasonable Assurance** Audit Opinion was assigned. The key **areas of compliance / good practice** identified during the review are summarised as follows:

- The main and supplementary pay runs (and error reports) are processed on schedule, enabling staff pay to be processed and paid on time.
- Pay uplifts are checked to ensure automatic pay calculations are correct.
- HMRC statutory and monthly submissions were completed on a timely basis.
- The HR and Payroll data and systems are integrated which enables automatic updates and minimise errors and adjustment.
- Monthly payroll reconciliations to the general ledger are undertaken.
- New employees and their managers have completed and signed the starter notification forms and payments were timely.
- Leavers processing was actioned on a timely basis when received.
- Starter notification forms and Right to Work checks were appropriately undertaken for the sample reviewed.

The audit also identified the following **areas for improvement**, for which nine recommendations were made:

- A new Service Level Agreement with an external organisation for payroll services to be put in place.
- There was no Risk Register and Fraud Risk Assessment for activities relating to Payroll and Right to Work.
- Currently, Service Managers are not required to periodically confirm the existence, grade and pay of staff as a check against incorrect or fraudulent payments.
- The number of late leaver notifications had reduced consistently over the last three years but is still at a significant level, which increases the risk of overpayments needing to be recovered.
- The responsibility for recovering payroll overpayments is unclear, requiring clarity.
- An analytical review highlighted that between April 2015 and January 2018, of 2005 starter posts (excluding schools), 87 (4%) instances of single employment were without Right to Work data recorded for them.
- There is no monitoring report on employees with working visas and/or which visa may be nearing expiry dates or have expired.

All recommendations were agreed for implementation.

F2 Web Page Control

The Source and the external website are the main means by which the Council makes information available to the public and Council staff. For people, internally and externally, looking for key documents on Council governance and how to access services, then the Source (internally) and website (externally) are the starting point.

The purpose of the audit was to provide an opinion on the arrangements in place to control the content of the webpage. Specifically the audit included coverage of the following:

- Consideration of the governance in place to add, amend, move or remove information to/from the Source and website.
- Review amendments to Source/website documentation to ensure processes, procedures are followed and controls applied.
- Review of the assurance process in place to ensure information on the Source/website is complete, up to date and appropriate.

Based on the completion of the fieldwork, a **Reasonable Assurance** Audit Opinion was assigned. The key **areas of compliance / good practice** identified during the review are summarised as follows:

- BCC's public facing website has benefited from a significant programme of effort to improve content and establish service engagement processes to ensure quality and reliability of information to the general public. By contrast, the internal web pages 'The Source' is at an early stage of change activity.
- Responsibility for intranet content management was centralised to the Digital Services team.
- Website control is well established as a result of a mature process of major 'cleansing' exercise undertaken since in 2015 and there are signs that consideration is being given to follow a similar pathway for intranet content.

The audit also identified the following **areas for improvement**, for which 6 recommendations were made:

- A need to identify key content which will not be removed without consultation of the relevant service team.
- A requirement for service teams to regularly review content.
- The need for reminders to review content to be issued by the Digital Services Team.
- The platform used in managing the Source and Websites is old, outdated and unsupported making changes more difficult.
- Refinements are required to the process for requesting changes to the source and website to ensure appropriate advice (e.g. legal, financial etc.) is sought before content is published.
- Improvements are required to the audit trail of amendments made.

All recommendations were agreed for implementation.