

Meeting of the Audit and Standards Committee – 4th December 2024

Report of the Interim Director of Finance

Annual Audit Report for the Chief Executive

Purpose of the Report

1. This report summarises the audit work undertaken for those Directors (Adult Social Care, Children’s Services, Public Health and Wellbeing and Heads of Service (Assistant Director People and Inclusion, Communications and Public Affairs, Chief Executive’s Office) who report directly to the Chief Executive for the financial year 2023/24.

Recommendation

2. It is recommended that Audit and Standards Committee accept the findings in respect of the 2023/24 audit work.

Background

3. During the year 14 assurance audits were undertaken of which 6 received a negative assurance rating (Minimal or Limited). These were:
 4. Children’s Services Contract Management (**Minimal**)
 5. Children’s Services Information Governance and Records Management (**Limited**)
 6. Schools Improvement (**Limited**)
 7. Business Rates (**Limited**)
 8. Events Management (**Limited**)
 9. Recruitment (**Limited**)

For each of these audits a number of High findings were raised.

4. In addition to the assurance audits, 7 other areas of audit activity including consultancy were undertaken and in total 106 findings were raised. Please see Appendix 1.



5. The findings raised are split into 43 High, 51 Medium and 12 Advisory. Whenever an audit is carried out, Audit and Risk Management Services review all agreed actions in relation to findings in the previous audit (if not previously reviewed or found to be implemented) to confirm that they have been implemented. There were 3 unimplemented actions in relation to findings from the previous reviews. Some high rated findings are also unimplemented from the previous review.
6. Audit and Standards Committee have set targets for the receipt of the initial management response and for the issue of the final audit report. Initial management responses need to be received within 4 weeks of the date of issue of the draft report and final reports need to be issued within 6 weeks of the date of the draft report. 60% of management responses were provided within the 4 week target and 67% of final reports were issued within the 6 week target of the date of the draft report.
7. In addition, 12 areas of audit activity were carried out relating to Schools, which are listed in Appendix 1. Audit and Risk Management Services raised a total of 114 findings of which there was 1 Critical, 22 High, 81 Medium and 10 Advisory. There were also 19 agreed actions in relation to findings that were unimplemented from the previous reviews (if not previously reviewed and found to be implemented). School audit reports are discussed by the appropriate School Governing Body/Committee.
8. As part of our quality review process a post audit questionnaire (PAQ) is issued at the completion of most audits. Of the 15 PAQ's returned, 14 provided an overall opinion of the audit as "Very Good" or "Good" and 1 "Satisfactory".
9. I include below a brief summary of the key issues identified in the audits carried during 2023-24:

Adult Social Care

Adult Commissioning and Market Sustainability
Findings Summary
<p>There was not a consistent approach for the management of risk for the different work programmes.</p> <p>Issues identified included risk registers either not being in place or not being aligned with the Corporate Risk Management Framework.</p> <p>There was also no regular monitoring process in place for risk registers or 'significant' risks that could impact on the successful delivery of the overall Market Sustainability Plan.</p>

Adult Mental Health

Findings Summary

A transition to adulthood pathway is not in place to ensure all care and support needs have been appropriately assessed and put in place by the time a young person who is transitioning to the Adult Mental Health Service turns 18 years old.

Liquid Logic data provided at the time of the audit indicated that of the 966 clients known to Adult Social Care with a Section 117 legal status, approximately 60% of clients did not have an active support plan in place.

A review of caseloads identified that as of 28 September 2023, there were 40 unallocated cases in the 40+ Mental Health Social Care Team worktray dating back to 17 August 2023. There are no formal timescales for allocating cases assessed as having a 'High', 'Normal' and 'Low' priority and complexity.

Better Care Fund Policy Framework Review

Findings Summary

The current Adult Social Care Risk Register does not include a risk associated with the administration of the Better Care Fund.

Also the 5 Better Care Fund Plan performance metrics are not included in the Adult Services Monthly Directorate Level Scorecard which would facilitate continual monitoring.

Welfare Benefits Team

Findings Summary

As part of quality assurance processes, each week a finalised financial assessment should be checked for each Welfare Benefits Officer (WBO). Testing during the audit, found that out of the 11 WBOs that undertake financial assessments only 2 had a case reviewed each week in the period with 1 WBO only having 1 case checked in 6 weeks.

Chief Executive

Events Management

Findings Summary

There was no clear record that the Dudley MBC Risk Assessment (confirming that all of the control measures and actions detailed are in place) and the Event Safety Plan (confirming that all safety details specified are in place) had been reviewed prior to events taking place.

Evidence that health and safety documentation had been completed was not always maintained.

There is no post event monitoring. This would include the budget/financial position, achievement of indicators and commercial targets and any learning from the event.

The budget position for each event was not consistently recorded, including agreeing expected income and expenditure for each event.

A standard Event Project Plan had not been consistently used for all events. The Event Project Plan template did not include a project risk register for completion.

Not all events had a formal risk register in place based upon the Corporate Risk Management Framework.

Performance Data Quality

Findings Summary

Officers responsible for administering Performance Indicators were not aware of the requirements detailed in the Corporate Performance Management Framework in relation to performance indicators.

Testing of a random sample of performance indicators, identified weaknesses in management approval procedures, record keeping arrangements and data quality procedures.

Recruitment

Findings Summary

Non-compliance with the Council's Recruitment and Selection Guidance. This included staff on selection panels not receiving the appropriate training, key records not being kept for the appropriate retention period, inappropriate candidate scoring, candidates not

fulfilling the essential requirements of the role being recruited, whilst other candidates who met the essential criteria were not interviewed.

There was also no quality monitoring framework in place to ensure recruitment exercises were carried out in accordance with the council's Recruitment and Selection Guidance.

Children's Services

Children's Services Contract Management

Findings Summary

It is a corporate requirement for the details of all contracts over £5,000 to be recorded on the Council's Contract Register, but only 6 contracts in the Children's Services Directorate had been entered on the Council's Contract Register.

A review of contract management arrangements found that there are no ongoing due-diligence checks undertaken, performance measures had not been established for all contracts or were not being actively monitored and contract monitoring meetings were not always being held.

There was also a delay in a contract extension being approved while the service continued to be provided, a contract was not in place for consultancy services, and a standard agreement was not in place for external placements made by the Virtual School.

Children's Services Information Governance and Records Management

Findings Summary

At the time of the audit there was limited compliance and engagement with corporate training courses relevant to subjects such as data protection, data breaches, cyber security and managing records. This has implications for regulatory compliance and working with partners.

Risks relating to paper care records for which there are no backups are not reflected in the directorate risk register.

Directorates including Children's Services have not yet rolled out Purview Advanced Message Encryption due to resource issues, the deployment and use of which should help to reduce information security incidents that are a result of misdirected emails.

More than half of Children's Services network accounts inactive since January 2024 did not have an auto responder set, which increases the likelihood that time-sensitive matters (including statutory information access requests) are not dealt with promptly.

School Improvement

Findings Summary

The School Improvement Risk Register is used to allocate a priority rating against each school in the borough which determines the level of school improvement support to be provided during the academic year. Although a school priority rating should be based on a number of factors (such as changes in leadership, complaints, attendance and exclusion data, financial and governance issues) the School Improvement Risk Register only captures Ofsted inspection dates and ratings.

A review of the priority rating allocated to some schools within the School Improvement Risk Register identified that they did not appear to reflect the agreed Prioritisation Criteria, but there were no records to support the rationale for the priority rating allocated to schools.

Finance and Legal Services

Business Rates

Findings Summary

No reconciliation between Northgate records and the Valuation Office Agency records has been undertaken since 2021.

During the Covid-19 pandemic, the programme to inspect void properties every 6 months, was suspended and at the time of audit had not been re-established. A review of the voids database identified that there are approximately 1120 void properties where no charges are being made. It was also noted that there is no process in place to liaise with Officers in the Environmental Health and Trading Standards service area to obtain reports that detail registered businesses that the voids database could be matched to.

There is a robust automated process in place with 2 of the 3 Enforcement Agency companies that undertake business rates recovery activity for Dudley MBC. However, despite requests to officers in Digital, Customer & Commercial Services, the same process has

never been extended to Bristow and Sutor due to resource issues. Bristow and Sutor forward monies collected but do not forward any supporting reports for checking purposes and to allow Officers to progress cases through the necessary recovery stages.

Treasury Management

Findings Summary

No formal self assessment has been completed against the revised CIPFA Treasury Management in the Public Services Code of Practice was published in 2021, to ensure that the Council is fully compliant. However, it was found that an informal review (not documented) had been undertaken and the most significant change identified was the need to report more frequently to the organisation and the body responsible for scrutiny (Audit and Standards Committee). Plans to address this are being developed.

Banking System (Lloyds Commercial Banking Online)

Findings Summary

Financial Services and Technology Services need to identify suitable reports and functionality within the Lloyds Bank Commercial Online Banking System to enable the re-establishment of control arrangements that were agreed for the previous banking system, including: the reconciliation of administration activity and change requests to Dudley MBC system records, quarterly distribution of user and permission reports for review, monitoring updates to security procedures from the bank and completing regular reviews.

Public Health and Wellbeing

Food Safety

Findings Summary

As a result of changes at Director and Head of Service level some formal, signed onward delegation documents could not be located.

It was further noted that the Instrument of Authorisation forms that were provided and the warrant cards used by officers are authorised by a former Head of Environmental Health and Trading Standards who is no longer an employee.

At present there is no process in place to ensure procedures are regularly reviewed. Whilst the set of procedures currently in use are deemed fit for purpose as a reference point for officers, most are dated 2018 and 2019 (some earlier) and as such have not been reviewed and updated for several years.

10. The table below shows Management's assessment of the implementation of actions relating to High findings.

Adult Social Care	
Adult Commissioning and Market Sustainability	
Implemented	In Progress
1	0
Adult Mental Health	
Implemented	In Progress
4	1
Chief Executive	
Events Management	
Implemented	In Progress
4	0
Performance Data Quality	
Implemented	In Progress
1	0
Recruitment	
Implemented	In Progress
6	0
Children's Services	
Children's Services Contract Management	
Implemented	In Progress
10	3

Children's Services Information Governance and Records Management		
Implemented	In Progress	
4	0	
School Improvement		
Implemented	In Progress	
3	0	
Finance and Legal Services		
Business Rates		
Implemented	In Progress	
3	0	
Banking System (Lloyds Commercial Banking Online)		
Implemented	In Progress	
1	0	
Public Health and Wellbeing		
Food Safety		
Implemented	In Progress	
0	2	
SUMMARY POSITION		
Total	Implemented	In Progress
43	37	6

Finance

11. There are no direct financial implications arising from this report. The cost of internal audit is met from within the base budget of the Council.

Law

12. The Accounts and Audit Regulations 2015 require the council to maintain a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk. The meetings of Audit and Standards Committee help to ensure that a sound system of internal control is in place.

Risk Management

13. The proposals contained within this report do not raise any “material” risks.

Equality Impact

14. This report does not raise any equal opportunities issues.
15. The work of Audit and Risk Management Services helps to protect the interests of children and young people, albeit they were not consulted on, or involved, with the production of this report.

Human Resources/Organisational Development

16. There are no human resources or organisational development implications arising from this report.

Commercial/Procurement

17. This report does not have any commercial/procurement implications.

Environment/Climate Change

18. There are no direct environmental implications within this report impacting on the Council’s work to address Climate Change and achieve our Net Zero target by 2030.

Council Plan

19. The work undertaken by Audit and Risk Management Services helps to ensure Council priorities are achieved by ensuring the Council has an effective framework of governance, risk management and internal control.



Brendan Arnold

Interim Director of Finance

Contact Officer: Graham Harrison

Telephone 01384 815105

Email : graham.harrison@dudley.gov.uk

List of Background Papers

Audit and Risk Management Services Reports

Audit Activity	Total	C	H	M	A	U	Assurance Rating
Adult Social Care – Assurance Audits							
Adult Commissioning and Market Sustainability	1	0	1	0	0	0	Reasonable
Adult Mental Health	19	0	5	10	4	0	Reasonable
Better Care Fund Policy Framework Review	3	0	0	3	0	1	Substantial
Welfare Benefits Team	4	0	0	3	1	1	Reasonable
Adult Social Care – TOTAL	27	0	6	16	5	2	
Children’s Services – Assurance Audits							
Children's Services Contract Management	19	0	13	5	1	0	Minimal
Children's Services Information Governance and Records Management	6	0	4	1	1	0	Limited
School Improvement	8	0	3	4	1	0	Limited
Children’s Services – Consultancy and Other Audits							
Family Hub Grant Certification							N/A
Strengthening Families Grant Claim							N/A
Children’s Services –TOTAL	33	0	20	10	3	0	
Finance and Legal Services – Assurance Audits							
Business Rates	6	0	3	3	0	0	Limited
Treasury Management	1	0	0	1	0	0	Substantial
Banking System (Lloyds Commercial Banking Online)	3	0	1	2	0	0	Reasonable

Finance and Legal Services – Consultancy and Other Audits							
Corporate Governance (Annual Governance Statement)							N/A
Follow Up – NB1							N/A
Advice and Support – NB2							N/A
Finance and Legal Services – TOTAL	10	0	4	6	0	0	
Public Health and Wellbeing – Assurance Audits							
Food Safety	7	0	2	5	0	0	Reasonable
Public Health and Wellbeing – TOTAL	7	0	2	5	0	0	
Chief Executive’s – Assurance Audits							
Events Management	16	0	4	11	1	0	Limited
Performance Data Quality	2	0	1	0	1	1	Reasonable
Recruitment	11	0	6	3	2	0	Limited
Chief Executive’s –TOTAL	29	0	11	14	4	1	
DIRECTORATES – GRAND TOTAL 2023/24	106	0	43	51	12	3	
Schools - Assurance Audits							
Amblecote Primary	5	0	1	4	0	0	Reasonable
Hurst Green Primary	10	0	3	6	1	2	Reasonable
Mount Pleasant Primary	9	0	3	6	0	0	Reasonable
Newfield Park Primary	14	0	6	8	0	5	Limited
Oldswinford Hospital School	20	0	1	15	4	2	Reasonable
St James' C of E Primary	9	1	2	6	0	0	Minimal
Withymoor Primary	2	0	0	2	0	0	Substantial
Dormston School	11	0	2	9	0	0	Reasonable

Summerhill School	14	0	2	10	2	0	Reasonable
The Wordsley School	20	0	2	15	3	0	Reasonable
Schools – Consultancy and Other Audits							
Follow Up							N/A
Advice and Support							N/A
Schools TOTAL	114	1	22	81	10	9	

Key:

NB1 - This covers follow up work undertaken in all directorates.

NB2 - This covers advice and support provided to all directorates.

NB3 - The unimplemented findings are included in the totals for the other finding categories and are for information purposes only

C – Critical Rated

M – Medium Rated

H – High Rated

A – Advisory Rated

U – Unimplemented