

## Internal Audit: Annual report and statement of assurance 2022-23

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### 1. Executive summary – Head of Audit opinion

1.1 The role of internal audit is to provide an opinion to the Trust, through the Finance, Resources and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation’s objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation’s risk management, control, and governance processes, within the scope of work undertaken by Internal Audit. The basis for forming our opinion is:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit plans that have been reported throughout the year, including services provided to the Trust by West Northamptonshire and Cambridgeshire Councils
- The relative materiality of these areas and management’s response to agreed actions
- Management investigation and response to issues raised from fraud investigations

1.2 We can provide satisfactory assurance that there is a sound system of internal control, designed to meet the Trust’s objectives, and that controls are being applied consistently.

### 2. Summary of Internal Audit 2022-23

2.1 This report details the work undertaken by internal audit for Northamptonshire Children’s Trust (the Trust) and provides an overview of the effectiveness of the controls in place for the full year. Internal Audit has been provided to the Trust via a service level agreement with West Northamptonshire Council (WNC) Internal Audit Service.

2.2 2022-23 was a challenging year from an audit perspective, with a large proportion of activity relating to audits initiated as part of the 2021-22 plan outstanding at the end of 2021-22. These were reviewed and delivered by BDO, an external provision partner. The 2022-23 plan was also reviewed, and 5 audits removed to prioritise impactful audits, leaving 5 audits which were delivered by the WNC audit team.

2.3 Audits relating to the 2021-22 plan which were issued as final reports in 2022-23 have had the working papers reviewed to ensure that sufficient 2022-23 evidence was covered, and they could be included in the 2022-23 opinion. The 5 audits delivered as part of the 2022-23 plan were supported by 4 audits relating to WNC services provided to the Trust. The insourcing of the WNC audit team has led to delays in the delivery of audits, and the completion of the plan has been challenging, with some audits at draft report stage at the time of this report. These have been included in the assurance rating for 2022-23. Any changes identified following this report will be reviewed and, if required, re-audited as part of the 2023-24 plan.

2.4 The assessment ratings for the audit coverage is summarised in the table 1 below, with detail for individual audit assignments provided in table 2.

Table 1: 2022/23 audit activity

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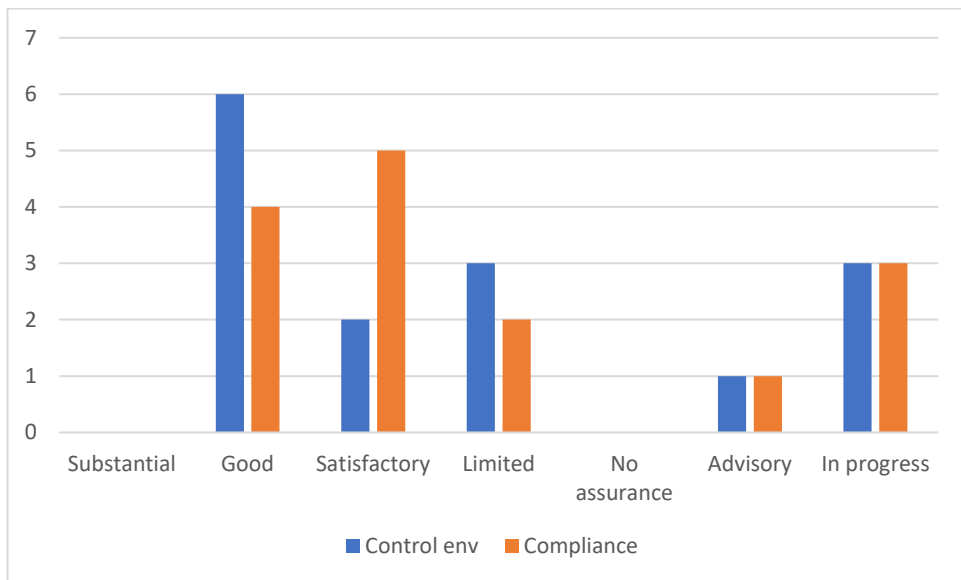


Table 2: Audit details

Assignment	Audit Status *	Assurance Rating			Recommendations			Key findings / Comments
		Control Environment	Compliance	Org Impact	E	I	S	
<b>2021/22 – Plan; 2022/23 Assurance</b>								
Services - Foster Care and Special Guardianship Payments	Final Report	Good	Good	Minor	0	0	2	<ul style="list-style-type: none"> <li>New/ceased Foster Care and Special Guardianship Orders (SGO) payments, overpayments and one-off discretionary expenses had sufficient supporting evidence.</li> <li>The system design could be improved by reviewing the policies and procedures.</li> <li>It can further be strengthened by including who prepared the reconciliation.</li> <li>Policies and procedures relating to Foster Care and SGOs have not been reviewed within a timely manner or version control is missing.</li> </ul>

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Assignment	Audit Status *	Assurance Rating			Recommendations			Key findings / Comments
		Control Environment	Compliance	Org Impact	E	I	S	
								<ul style="list-style-type: none"> <li>The payment run reconciliation has no information in relation to who has completed and reviewed leading to risk of lack of adequate audit trail, segregation of duties and accountability.</li> </ul>
Services - Placement Contract Management	Final Report	Satisfactory	Satisfactory	Moderate	0	5	1	<ul style="list-style-type: none"> <li>Evidence of a best match form and approval in line with the Scheme of Delegation.</li> <li>Evidence of invoice review against IPA's, sample checking of payments and evidence of final review and approval for payments.</li> <li>No placement review and approvals panel.</li> <li>No formal IPA or documentation for in-house fostering placements</li> <li>Processes for best match forms not completed due to the recent back log.</li> <li>Review of monthly placement management reports found there is no documented action plan detailing actions to be completed and expected completion dates</li> </ul>
IT Systems Security - Carefirst System	Final Report	Limited	Satisfactory	Moderate	4	2	2	<ul style="list-style-type: none"> <li>The system is outdated and not user friendly, which creates duplication and inefficiencies.</li> <li>Roles and responsibilities in relation to the system support management have not been clarified and confirmed to ensure the most effective and efficient use of resources.</li> <li>Current arrangements for user access are duplicated</li> <li>Changes to user accounts are not proactively notified by the relevant managers.</li> <li>Business continuity planning and back up arrangements were not documented.</li> <li>There are limited improvements that can be made to make the system more user friendly and compatible with the modern technology.</li> <li>There are easy to complete online forms.</li> <li>Security declaration and CareFirst training are being completed and supporting evidence is in place.</li> <li>There are documented data entry procedures.</li> <li>The system is regularly backed up and backups are checked and confirmed.</li> </ul>
<b>2022/23 – Plan and Assurance</b>								

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Assignment	Audit Status *	Assurance Rating			Recommendations			Key findings / Comments
		Control Environment	Compliance	Org Impact	E	I	S	
Overarching Safeguarding Arrangements	Final report	Good	Good	Minor	0	2	1	<ul style="list-style-type: none"> <li>Job descriptions should be reviewed and updated as required</li> <li>Develop a robust system of monitoring and reporting to evidence training takes place in respect of Rapid Reviews and Children Safeguarding Practice Reviews</li> <li>Consider making safeguarding training mandatory for all NCT staff</li> </ul>
Corporate Parenting – Leaving Care s24	Final report	Satisfactory	Satisfactory	Minor				<ul style="list-style-type: none"> <li>Transition to Adulthood (Leaving Care) – Financial Policy and Guidance should be revised and approved at an appropriate level</li> <li>The Operational Group should be specifically tasked with investigation of the reasons for and setting up corrective action to bring Pathway Plan KPIs bank in line</li> <li>Management should ensure that required service improvements arising from Collaborative Reflective Practice Discussion review Practice Week have been or are being actioned</li> </ul>
Corporate Governance Framework (incl Ofsted Improvement Plan Monitoring)	Fieldwork							50% complete
Social Work Workforce	Final report	N/A	N/A	N/A				Strategic level review <ul style="list-style-type: none"> <li>Workforce Development Strategy demonstrates a focus on leadership, manager support of staff and initiatives for recruitment and retention</li> <li>Further review of how the workforce is using the strategy and how it is embedded required</li> </ul>
Fostering Service (In-House - Independent Fostering Agency)	Fieldwork							Scope amended and agreed with management after consideration of Ofsted report. Focus on replacement content management system: development of specification and controls until new system in place 75% complete
<b>West Northamptonshire Council provided services</b>								
IT Disaster recovery	Complete	Limited	Limited	Moderate	0	7	0	Management action plan in place

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Assignment	Audit Status *	Assurance Rating			Recommendations			Key findings / Comments
		Control Environment	Compliance	Org Impact	E	I	S	
IT Cyber security	Complete	Limited	Limited	Major	10	3	0	Management action plan in place
Payroll transaction testing	Complete	Good	Good	Minor	0	1	3	Management action plan in place
ERP Gold IT user access controls	Fieldwork							80% complete
<b>Cambridgeshire Council provided services</b>								
Accounts payable: combined shared service	Final report	Good	Good	Minor	0	0	10	<ul style="list-style-type: none"> <li>• Good level of control over the key control processes within Accounts payable system</li> <li>• Good level of control over the key control processes within Accounts payable system</li> </ul>
Debt recovery	Final report	Good	Moderate	Moderate	0	0	9	<ul style="list-style-type: none"> <li>• Documented policies and procedures</li> <li>• Some improvement areas have been identified</li> <li>• Recovery process was generally robust</li> <li>• No write offs processed in ERP Gold</li> </ul>
Income processing: combined shared service	Final report	Good	Moderate	Minor	0	0	4	<ul style="list-style-type: none"> <li>• System controls are in place, with automatic allocation to customer and invoice accounts, or suspense accounts</li> <li>• Software is being replaced in 2023-24 and current controls are being maintained</li> <li>• Controls were largely complied with</li> <li>• Reconciliation discrepancies were identified</li> </ul>
<b>Removed audits</b>								
Sustainability – corporate parent role	Removed							
OFSTED action plan monitoring	Removed							Combined with Corporate Governance Framework audit.
MTFP and budget management	Removed							Suggested for inclusion in 2023/24 plan

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Assignment	Audit Status *	Assurance Rating			Recommendations			Key findings / Comments
		Control Environment	Compliance	Org Impact	E	I	S	
ICT – network infrastructure security	Removed							
ICT – privileged access control	Removed							

**3. Audit action monitoring**

3.1 Trust audit action monitoring is undertaken by the Trust and reported to the WNC Internal Audit team.

3.2 WNC service audit action monitoring is undertaken by the Internal Audit team with regular contact with service managers to ensure actions are implemented as agreed. All limited assurance audits are involved in monitoring meetings with relevant operational managers to ensure that service progress is consistent, and actions are achieved.

**3.2.1 IT related audits – cyber security and disaster recovery**

Regular monthly meetings are held with the Head of IT Operations. Of 20 audit recommendations there are three ‘Essential’ that remain outstanding but are in progress. A considered action plan has been developed to break down the activity so progress can be monitored against the recommendations more easily. The service area has had some unforeseen issues that has impacted on the delivery of the audit actions. Two staff members have left the Council and recruitment for replacements is underway, the operations team have been involved in several major projects and activities which were either not known or not fully defined when the original dates were set and the level of BAU has increased.

**3.2.2 IT Carefirst**

A meeting with the key personnel took place on 4 July 2023 to obtain an update and gain assurance to close off the audit following review of evidence supplied.