

Meeting of:	Governance and Audit Committee
Date of Meeting:	Monday, 11 July 2022
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Progress Against the Internal Audit Risk Based Plan 2022-23
Purpose of Report:	To provide members of the Committee with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2022-23
Report Owner:	Head of the Regional Internal Audit Service
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> The progress made against the approved internal audit risk-based plan 2022-23 is detailed in Appendix A. It shows that 5 reviews have been completed, 2 with an audit opinion whilst 1 report has been issued in draft and 8 reviews are on-going. Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment of the 2 completed audits to date, an audit opinion of substantial assurance has been given to 1 audit and an opinion of reasonable assurance to the other audit. To date 5 recommendations have been made to improve the control environment. The implementation of these will be monitored and reported to Committee in a separate report. 	

Recommendation

1. That members of the Committee note the content of the report and the progress made against the 2022-23 Internal Audit Annual Risk Based Plan.

Reason for Recommendation

1. To keep Governance and Audit Committee informed.

1. Background

- 1.1 In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which considers the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 1.2 The Internal Audit Plan for 2022-23 was submitted to the Governance and Audit Committee for consideration and approval on 13th June 2022. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an opinion at the end of 2022-23.
- 1.3 The plan is also flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

2. Key Issues for Consideration

- 2.1 Progress made against the approved plan for the period 1st April to 30th June 2022 is attached at Appendix A. This details the status of each planned review, the audit opinion, and the number of any high, medium or low priority recommendations made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance and Governance and Audit Committee / Strategic Leadership Team (SLT) reporting. This is because the audit work carried out in respect of these items is planned but the nature of the work does not lead to testing and the formation of an audit opinion.
- 2.2 Appendix A illustrates that as at 30th June 2022, 5 items of work have been completed of which 2 audits have resulted in an opinion being provided. The other 3 pieces of work; the audit opinion report 2021-22, audit planning and the audit

charter have been completed but the nature of the work has not resulted in an audit opinion being provided.

- 2.3 One audit has been completed and a draft report issued. Feedback from the Service Department is awaited prior to the report being finalised. A total of 8 audits are currently on-going and a further 14 have been allocated and are due to commence during the next few months.
- 2.4 Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 1 completed audit and an opinion of reasonable assurance to the other completed audit.
- 2.5 Appendix A identifies that to date 1 medium priority and 4 low priority recommendations have been made to improve the control environment. The implementation of these recommendations is being monitored to ensure that the identified and agreed improvements are being made and progress will be reported to this Committee.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 The Annual Risk Based Plan contains audit reviews that will be service specific and that will assist in understanding how those services undertake the five ways of working and how they deliver the well-being objectives.

4. Climate Change and Nature Implications

- 4.1 None as a consequence of this report

5. Resources and Legal Considerations

Financial

- 5.1 There are no resource implications as a direct consequence of this report, but effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

Employment

- 5.2 None as a direct consequence of this report.

Legal (Including Equalities)

- 5.3** The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2018 as amended from time to time. There are no equalities implications as a direct consequence of this report.

6. Background Papers

None

Ref	Audit Area	Initial Audit Objective / Scope	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
1	Follow up Reports	To ensure that all limited assurance reports are followed up in a timely manner Direct Payments Ysgol Gymraeg Bro Morgannwg - stock control Tender Evaluation & Award - Building Services	on-going						
2	Annual Governance Statement	The completion of the Council's Annual Governance Statement, submission to Audit Committee and included with the Draft Statement of Accounts 2021/22 (including the Governance Assurance Statements from Corporate Officers and Senior Management).	on-going						
3	Annual Governance Statement 2022/23	To make preparations for the production of the AGS for 2022/23	allocated						
4	Safeguarding	This review will include an annual assessment of the Council's overall operating model for safeguarding; including reviewing the adequacy of assurances obtained by the Council in respect of safeguarding arrangements in place for vulnerable adults and children.	draft issued						
5	Risk Management	A review of a sample of corporate risks to identify if they are being appropriately managed and progress is being reported accurately.							
6	Council's Self Assessment	To review the process that has been undertaken in completing this and how this links into the AGS							
7	Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with. Illegal Money Lending 2021/22 Bus Services Support Grant 2021/22	complete	√			0	0	0
8	Project & Programme Management	To review the structure and governance arrangements of the various Boards operating within the Council	draft issued						
9	Levelling Up & Shared Prosperity Funding	Review the process in place for making external bids, receiving funding, funding approval etc to ensure the systems are robust and efficient.							
10	Carbon Net Zero	To ensure that plans are in place to minimise the use of energy and to deliver this programme by 2030 .	allocated						
11	SRS Joint Service	To provide assurance to the Shared Regulatory Service Board on the systems and processes in place in respect of the overall control environment including governance, risk management and internal control for the 2021/22 Financial Year.	allocated						
12	SRS Joint Service - Food Hygiene	To ensure that processes and procedures are in place and effectively being implemented to ensure that at least the minimum Food Safety Authority standards are being met.	draft issued						
13	Waste	To ensure that any external funding is being spent in compliance to the specific criteria as well as in compliance with the Council's Financial & Contract Procedure Rules and PCop and any agreed business plans.							
14	Fuel	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Vehicles Fuel System.							
15	Housing Rents	To provide assurance on the control environment of the rent setting and collection processes							
16	Housing Repairs	To review the systems and processes in operation surrounding Building Services responsive repairs to provide assurance on the adequacy and efficiency of the control environment.	allocated						
17	Temporary Housing Solutions	Examine compliance with this statutory duty, review process for availability, processing and prioritising cases to provide assurance that systems are efficient and effective.	allocated						

Status
allocated - to Auditor, yet to start
ongoing - work commenced

Ref	Audit Area	Initial Audit Objective / Scope	Status	Opinion			Recommendations		
18	Civil Enforcement	Compliance to Council's policies and procedures and provide assurance that the service is maximising efficiencies	allocated						
19	Community Safety	Review the accuracy of the performance / outcome data to ensure that external funding is achieving the targets set, particularly in respect of funding for violence against women.	allocated						
20	Schools	To undertake a number of school based reviews as well as cross cutting thematic reviews in accordance with the Internal Audit risk based assessment.							
21	School CRSA	To undertake the annual controlled risk self – assessment for schools. The aim of the process is to enable Head Teachers to review their internal controls and to ensure that they undertake and comply with the requirements of current legislation and the Financial Procedure Rules.							
22	Catering Company	To provide assurances on the operation of the Catering Company.							
23	School Admissions	To ensure all processes and procedures are in place and operating effectively	on-going						
24	Material Systems – Key Financial Systems	A rolling programme of audits is adopted, work programme for each year may differ. This approach enables us to deliver a more cost-effective service, whilst providing sufficient assurance as to the adequacy of the Council's material system control environment.							
25	Capital Programme	A review of this area will be undertaken to provide assurance that the Capital Programme remains on track and that slippage is accounted for, reported and regularly monitored.							
26	Grant Schemes	Review the arrangements for administering grant payments made on behalf of Welsh Government							
27	Scheme of Delegation	To ensure compliance to the scheme of delegation through sample testing of decisions and authorisations	allocated						
28	Payroll	To ensure the processes are in place in respect of overtime, honorarium, enhancements and other additional payments made to staff via payroll are being adhered to and additional payments are correctly authorised and terminated in a timely manner							
29	Attendance & Sickness Recording	Provide assurance that information relating to sickness absence is accurate and the recording and reporting is complete and timely. Ensure compliance to Council policies across Directorates.	allocated						
30	PCI – DSS (Payment Card Industries – Data Security Standards)	To review the procedures and processes in operation relating to PCI - DSS to determine if the previously identified areas of weakness have been fully rectified and that the control environment is robust.							
31	ICT Audit	ICT systems reviews will be undertaken across Directorates ICT systems to ensure robust controls are evident and operating effectively.							
32	Cyber Security	Undertake testing to ensure that staff are aware of requirements to protect devices, services and networks and the information on them from theft or damage via electronic means and staff are aware of what to do if there is a concern or breach. Ensure this information is monitored and reported consistently across the Council							
33	Oracle	To ensure that changes made to processes as the result of the implementation of the new cloud based system are effective and efficient							
34	Procurement	Review current processes and practices to ensure that they are reasonable, effective and efficient in the current economic landscape identifying any best practice across the other Authorities within the Regional Service, including the review of FPN's.							
35	Insurance	To provide assurance that the service is operating efficiently and effectively	allocated						
36	Property Services	To review the process and procedures in place in respect of commercial and consultancy Services provided							

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Ref	Audit Area	Initial Audit Objective / Scope	Status	Opinion			Recommendations		
37	Registrars	Review the new policies and procedures in place for registering births, deaths and marriages since the pandemic to provide assurance that adequate controls are in place	allocated						
38	Members	To ensure that all elected Members meet the associated qualifying criteria and have fully declared any relevant declarations of interest as per the Council's Code of Conduct.	allocated						
39	Elections	To ensure that controls surrounding the elections is robust and the costs incurred are accurately supported with source documents and the overall governance is sound	allocated						
40	Adoption Service	A compliance review to complete the Annual Accounting Statement	complete		√		0	1	4
41	WCCIS	Ensure robust controls are in place and operating effectively in respect of access and security of the system	allocated						
42	Deputyships & Appointeeships	To ensure that the systems and controls surrounding the management of Appointeeship and Deputyships accounts are robust and that they are operated in line with regulations/guidance/policy in order to protect the individual and Council.	allocated						
43	Section 117	To seek assurance that processes are adhered to and people are supported with after care following Mental health involvement.							
44	Family Information Service	To provide assurance that the Childcare Offer for Wales scheme has been correctly administered and identify any lessons to be learnt							
45	Care Homes	To ensure the processes and procedures are effective in managing the access to cash in Care Homes using credit / debit cards							
46	Governance & Audit Committee / Member and SLT Reporting	This allocation covers Member reporting procedures, mainly to the Governance & Audit Committee, plan formulation and monitoring, and regular reporting to, and meeting with, the Section 151 Officer, SLT and the RIAS Board.							
47	Compliance – expenses / mileage claims	Review of expenses / mileage claims submitted which are over three months old. Ongoing throughout the year.	ongoing - since the 1st April 2022, 38 claims have been reviewed.						
48	Waiver Requests	To challenge the use of exemptions to both Contract and Finance Procedure Rules via the waiver procedure. Challenge provided throughout the year.	ongoing - 18 waivers have been requested and 18 agreed.						
49	Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority, including maintained school based staff.	on-going						
50	Data Analytics	Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples	on-going						
51	External Audit Liaison	To ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.	on-going						
52	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with the service areas which have received these recommendations. During the year, Internal Audit will review the process to ensure recommendations are followed up and reported upon to Audit Committee in a timely, efficient and effective manner.	on-going						
53	Annual Opinion Report 2021/22	To prepare and issue the Head of Audit’s Annual Opinion Report 2021/22.	complete						
54	Annual Opinion Report 2022/23	Preparation for the production of the 2022/23 Annual Opinion Report							
55	Audit Planning 2022/23	To prepare and present the annual risk based audit plan for 2022/23.	complete						

Status
allocated - to Auditor, yet to start
ongoing - work commenced

Ref	Audit Area	Initial Audit Objective / Scope
56	Audit Planning 2023/24	To prepare and present the annual risk based audit plan for 2023/24.
57	Audit Charter / Manual	To review and update the documents as required
58	Compliance with PSIAS	Review compliance with the Public Sector Internal Audit Standards.
59	Closure of reports - 2021/22	To finalise all draft reports outstanding at the end of 2021/22.
		Procurement Overview - carried forward from 2021-22
60	Emerging Risks / unplanned	To enable Audit Services to flexibly respond to provide assurance activity as required.
61	Fraud / Error / Irregularity	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.
62	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.
63	Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.
		Overall Totals

Status	Opinion			Recommendations		
complete						
on-going						
on-going						
on-going						
	1	1	0	0	1	4

Status
allocated - to Auditor, yet to start
ongoing - work commenced