

**Bridgend and Vale Internal Audit Service:
Head of Internal Audit's Performance Report April 2018 to August 2018
Vale of Glamorgan Council.**

Section 1 - Introduction

The 2018/19 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 1st May 2018. The Plan outlined the assignments to be carried out and their respective priorities. The information summarised below; provides an update on the work undertaken by Internal Audit for the period April to August 2018, together with an update on performance.

Section 2 – Core Financial Systems – C/F from 2017/18

The following reviews of core financial systems were carried forward from 2017/18 and concluded during the first quarter of the 2018/19 Financial Year. It should be noted that all testing undertaken was based on transactions in 2017/18.

Table 1.

| Core Financial System Description | Assurance Opinion | | | Recommendations Raised | |
|-----------------------------------|-------------------|------------|---------|------------------------|--------------------|
| | Substantial | Reasonable | Limited | Fundamental High | Significant Medium |
| Banking | √ | | | | |
| Accounts Payable / Creditors | | √ | | | 1 |
| Total Audits (2) | 1 | 1 | 0 | | 1 |

Recommendations have been agreed and Management Implementation Plans have been received.

Section 3 – Other Reviews

The following other reviews have been undertaken and completed during the period April to July 2018:-

Table 2.

| Other Reviews | Assurance Opinion | | | Recommendations Raised | |
|--|-------------------|------------|---------|------------------------|--------------------|
| | Substantial | Reasonable | Limited | Fundamental High | Significant Medium |
| C/F Energy Management Carbon Reduction Certificate | √ | | | | |
| Purchasing Cards | | √ | | | 5 |
| Mayor's Office Financial Management | | √ | | | |
| Illegal Money Lenders Grant | √ | | | | |
| Supporting People Programme Grant Verification | | √ | | | |
| SRS Financial Control & Governance | √ | | | | |
| Bus Services Support Grant | | √ | | | 1 |
| Cowbridge Comprehensive | | √ | | | |
| Education Improvement Grant Verification | | √ | | | |
| IA Benchmarking | | √ | | | |
| Adoption Collaboration Annual Certification | √ | | | | |
| Total Audits (11) | 4 | 7 | | | 6 |

The Management Implementation Plan has been completed and returned and Management have confirmed that all 6 recommendations have been implemented. As this is a limited assurance report, a follow up review will be undertaken by Internal Audit within the next three months.

All 6 recommendations made to improve the overall control environment are followed up in accordance with the Internal Audit Shared Service Strategy.

Section 4 – Counter Fraud Work

The following counter fraud work including irregularity reviews have been carried out during the period.

Table 3

| Counter Fraud & Corruption Work | Assurance Opinion | | | Recommendations Raised | |
|---------------------------------|---|------------|---------|------------------------|--------------------|
| | Substantial | Reasonable | Limited | Fundamental High | Significant Medium |
| National Fraud Initiative | No opinion – user administration only – report to follow. New data sets are being collated in order to meet the deadline for submission for the new exercise in October 2018 | | | n/a | n/a |
| Safeguarding of Assets | Limited Assurance – matter referred to the Police | | | n/a | n/a |
| Overtime Claim | Limited Assurance – Claim adjusted | | | n/a | n/a |
| Total Audits (3) | | | | | |

National Fraud Initiative is included in our audit plan; however, we only facilitate the upload of data and user account management. A separate report will be presented to the Audit Committee in accordance with their Forward Work Programme.

Section 5 – Work in Progress as at 31st July 2018

Table 4

| Work In Progress | Update |
|---------------------------|---|
| E Procurement Follow Up | The objective of the audit is to ensure that adequate steps have been taken by the department to implement the agreed recommendations made in the Limited Assurance' Audit Report. |
| Enable Grant Verification | The objectives of the audit are to: Provide assurance that entries are fairly stated and that expenditure has been properly incurred in accordance with the offer of the grant |
| Registration Services | The objectives of the audit were: |

| | |
|--------------------------------------|--|
| | To provide assurance that the systems and processes operated within the Registration Service are efficient and effective. |
| C/F Leisure Contract | To review the overall effectiveness of the delivery of the Leisure Contract. Establish if the contract is achieving its stated aims and objectives. Establish the monitoring of the financial and performance arrangements. |
| Landlord Compliance | Through robust testing gain assurance that all the recommendations have been implemented from the previous limited assurance reports so that the Housing Stock and the Vale of Glamorgan Council (as landlord) is compliant with fire, asbestos, legionella, gas and electricity regulations. |
| Housing Partnerships / Collaboration | To identify any collaboration and / or partnership arrangements in place within Housing to ensure that robust governance frameworks are clearly evident. |
| ICT Business Continuity Planning | To evaluate the Council's ICT Business Continuity Plan to determine how the Council will operate following an incident and how it expects to return to 'business as usual' in the quickest possible time afterwards. To provide assurance that roles and responsibilities are clearly defined and understood and that all relevant stakeholders are fully aware of the Plan and its content. |

Section 6 – Key Performance Measures - Benchmarking

The Internal Audit Section participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2017/18 have recently been received and are as shown in Table 4 below:

Table 5

| Performance Indicator 2017/2018 | IASS Performance VOG 2017/18 | WCAG Average Performance 2017/18 | IASS Performance for VOG 2016/17 | Overall WCAG Average Performance 2016/17 |
|---|---|---|---|---|
| Percentage of Planned Audits Completed | 95% | 86% | 95% | 84% |
| Percentage of Audits Completed in Planned Time | 63% | 73% | 81% | 69% |
| No of audits completed | 74 | 69 | | |
| Percentage of directly chargeable time, actual versus planned | 63% | 86% | 71% | 69% |
| Average no. of days from response to draft report to issue of final report | 3 days | 3 days | | |
| Average number of days from audit closing meeting to issue of draft report. | 9.5 days | 6 days | 9.5 days | 8 days |
| No of Audit Staff | 6.5 | 7 | | |
| % of staff leaving during the Financial Year | 35%* | 12% | 30.6* | 10% |

*combined figure for the shared service

It should be noted that 15 of the 22 Councils returned their performance figures this year representing a return rate of 68%. It is clear from the figures provided that the Section's performance has dipped when compared with that of 2016/17 and therefore there is room for improvement particular in respect of audits completed within planned time.

Section 7 – Key Performance Measures – Client Satisfaction Questionnaires

At the completion of each audit, all recipients of reports are asked to comment on their satisfaction with the audit process, by way of a survey questionnaire ranging from a score of 1 for very satisfied to a score of 5 very unsatisfied. The results for the period April to August 2018 are summarised in Table 6 below.

Table 6

| No. | Question | Average Score of Responses to August 2018 | Average Score of Responses to March 2018 |
|------------|---|--|---|
| 1 | Where appropriate, briefing of client and usefulness of initial discussion. | 1.250 | 1.080 |
| 2 | Appropriateness of scope and objectives of the audit. | 1.500 | 1.130 |
| 3 | Timelines of audit. | 1.250 | 1.200 |

| | | | |
|----|--|-------|-------|
| 4 | Response of Officer to any requests for advice and assistance. | 1.250 | 1.130 |
| 5 | General helpfulness and conduct of Auditor (s) | 1.250 | 1.130 |
| 6 | Discussion of findings / recommendations during or at the conclusion of the audit. | 2.000 | 1.000 |
| 7 | Fairness and accuracy of report. | 1.750 | 1.290 |
| 8 | Practicality and usefulness of recommendations | 1.500 | 1.140 |
| 9 | Standard of report. | 1.250 | 1.130 |
| 10 | Client agreement with overall audit opinion. | 1.250 | 1.200 |

In addition to the above, the client also has an opportunity to make their own comments on the Client Satisfaction Survey. Set out below are two examples we have received during the period.



Section 8 – Key Performance Measures – Staff Training

We continue to invest in the development of staff; we have recognised that, whilst the overall audit budget continues to reduce, the need for high quality assurance services does not. Indeed, with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated and versatile audit staff has never been higher.

In terms of professional training, we have 1 member of staff who is currently studying for the Chartered Institute of Public Finance and Accountancy qualification. The member of staff has successfully completed the Professional Certificate stage of the qualification and has now moved on to the Professional Diploma stage.

Staff are encouraged to attend courses and seminars that develop their skills, develop skills for the shared service and also further develop network opportunities. Listed below are a number of training courses that staff have either attended or are scheduled to attend during the coming months:-

- Financial Systems refresher training (ORACLE / COA);
- IT Governance Principles
- Best Practices in threat intelligence for threat containment.
- Use of IDEA software;
- Safeguarding,
- General Data Protection Regulations training;
- Wales Audit Office – Finance for the future;
- Institute of Internal Auditors (IIA) Wales Conference and;
- CIPFA Procurement and Contract Audit Summit.
- Domestic Abuse and Sexual Violence

Section 9 – Matters of Note

There are no matters that need to be highlighted from the work undertaken by Internal Audit during the period.

For information:- South West Audit Partnership are continuing to help to support the completion of reviews as outlined in the 2018/19 Risk Based Audit Plan. Three new members of staff have joined the Internal Audit Shared Service on 13th August and have been provided with the necessary induction training together with their work allocation for the relevant quarter.