

Name of Committee:	<b>Audit Committee</b>
Date of Meeting:	<b>25/02/2019</b>
Relevant Scrutiny Committee:	<b>Corporate Performance and Resources</b>
Report Title:	<b>Progress Against Audit Risk Based Plan 2018-19</b>
Purpose of Report:	<b>To provide Members with a position statement on progress being made against the audit work that was included and approved within the 2018-19 Internal Audit Risk Based Plan.</b>
Report Owner:	<b>Operational Manager - Audit (as the Head of Audit)</b>
Responsible Officer:	<b>Head of Finance &amp; Section 151 Officer</b>
Elected Member and Officer Consultation:	<b>No Elected Members have been consulted. Legal Services and Head of Finance.</b>
Policy Framework:	<b>The proposals in this report are in accordance with the policy framework and budget.</b>

Executive Summary:

- In order to assist the Audit Committee in ensuring that due consideration is given by the Committee to aspects of their core functions, the regular reporting and monitoring of the progress being made against the Annual Risk Based Plan is one of their key responsibilities.
- Actual progress against the Plan for the period April to December 2018 is set out in Appendix A, B and C which provides the detail necessary for the Committee to effectively monitor the Section's progress.
- Whilst the overall structure of the Section continues to be based on 14 Full Time Equivalent (FTE) employees, it continues to carry vacancies. Despite this, the service is on track to complete the majority of the Plan by the end of the Financial Year. It has been necessary to continue to commission the services of the South West Audit Partnership in order to address in part some of the shortfall.

## **1. Recommendation**

- 1.1** That the Committee Members note the content of the report and the progress made for the period April to December 2018.

## **2. Reasons for Recommendations**

- 2.1** To keep the Audit Committee informed.

## **3. Background**

- 3.1** In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which takes into account 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.

- 3.2** 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.

#### **4. Key Issues for Consideration**

- 4.1** The Plan provided for a total of 1,350 audit days to cover the period April 2018 to March 2019. These days were split into those reviews considered to be Priority One and those considered to be Priority Two with the aim of completing the whole Plan by the end of the financial year.
- 4.2** Actual progress against the 2018/19 risk Based Plan is attached at Appendix A and further information is attached at Appendix B which details those reviews which have not yet been allocated in the respective quarters and those reviews which have been brought forward from future quarters.
- 4.3** In order to assist with the effective monitoring of the annual risk based plan, further information is attached at Appendix C which details all those reviews which have been completed during the period and the Section's overall performance. This ensures that the Audit Committee is giving due consideration to this aspects of their core functions, which is one of their key responsibilities.
- 4.4** Whilst the overall structure of the Section continues to be based on 14 Full Time Equivalent (FTE) employees, it continues to carry vacancies. Despite this, the service is on track to complete the majority of the Plan by the end of the Financial Year. It has been necessary to continue to commission the services of the South West Audit Partnership in order to address in part some of the shortfall.

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

- 5.1** 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 deliver the well-being objectives.

#### **6. Resources and Legal Considerations**

##### **Financial**

Agenda Item: 10

**6.1** There are no resource implications as a direct consequence of this report.

**Employment**

**6.2** None as a direct consequence of this report.

**Legal (Including Equalities)**

**6.3** The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time. There are no equalities implications as a direct consequence of this report.

**7. Background Papers**

OTNone

Area	Directorate	Type	Audit Scope	Qtr. 1 April to June 18	Qtr. 2 July to Sept. 18	Qtr. 3 Oct to Dec. 18	Update for Audit Committee February 2018
<b>Carry Forward from 2017/18</b>	Cross Cutting	Assurance	Provision for those assignments which are still ongoing at the end of 2017/18.	<b>20</b>			<b><i>Plan item Completed</i></b>
<b>2017/18 closure of reports</b>	Cross Cutting	Assurance	To finalise all draft reports outstanding at the end of 2017/18.	<b>10</b>			<b><i>Plan item Completed</i></b>
<b>Annual Governance Statement 2017-18</b>	Cross Cutting	Governance	The completion of the Council's Annual Governance Statement, submission to the Insight Board and Audit Committee and included with the Draft Statement of Accounts 2017/18 (including the Governance Assurance Statements from Corporate Officers and Senior Management. Deadline date June 2018.	<b>15</b>			<b><i>Plan item Completed</i></b>
<b>Annual Governance Statement 2018/19</b>			To make preparations for the production of the AGS for 2018/19				
<b>Follow up of Recommendations for 2017/18.</b>	Cross Cutting	Assurance	To ensure that all recommendations made in 2017/18 have been actioned.	<b>15</b>			<b><i>Plan item Completed</i></b>
<b>Recommendation Monitoring</b>			Monitoring the implementation of Internal Audit recommendations in consultation with the service areas which have received these recommendations. During the year, Internal Audit will		<b>10</b>	<b>10</b>	<b><i>Recommendations made during 2018/19 will be monitored on a monthly basis</i></b>  <b><i>Plan item for the period</i></b>

			review the process to ensure recommendations are followed up and reported upon to Audit Committee in a timely, efficient and effective manner.				<b>completed.</b>
<b>Annual Opinion Report 2017-18</b>	Cross Cutting	Governance	To prepare and issue the Head of Audit’s Annual Opinion Report 2017/18. Deadline 1 <sup>st</sup> May 2018.	<b>10</b>			<b>Plan item Completed</b>
<b>Annual Opinion Report 2018-19</b>			Preparation for the production of the 2018-19 Annual Opinion Report				
<b>Audit Planning – 2018 -19</b>	Cross Cutting	Assurance / Governance / Risk	To prepare and present the annual risk based audit plan for 2018/19. Deadline 1 <sup>st</sup> May 2018	<b>20</b>			<b>Plan item Completed</b>
<b>Audit Planning 2019 - 20</b>			To prepare and present the annual risk based audit plan for 2019/20.				
<b>Exemptions to Contract / Finance Procedure Rules</b>	Cross Cutting	Assurance / Governance / Risk	To challenge the use of exemptions to both Contract and Finance Procedure Rules via the waiver procedure. Challenge provided throughout the year.	<b>5</b>	<b>5</b>	<b>5</b>	<b>This work is ongoing throughout the year. During the period 28 exemptions / waivers have been challenged and actioned. Plan item complete for the period</b>
<b>Adoption Service</b>	Social Services	Assurance / Governance / Risk	To provide assurance to the governance board on the adequacy and effectiveness of the overall control environment including Governance, Risk Management and Internal Control for 2017/18 with testing focusing on Permanency and Placement.	<b>10</b>			<b>Plan item Completed</b>

			Preparation work for the production of the assurance report for 2018/19				
<b>SRS Joint Service</b>	Environment & Housing		Assurance Testing – 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 2017-18 Financial Year. Preparatory work for the production of the assurance work for 2018/19	<b>10</b>			<b><i>Plan item Completed</i></b>
<b>Compliance – expenses / mileage claims</b>	Cross Cutting		Review of expenses / mileage claims submitted which are over three months old. Ongoing throughout the year.	<b>5</b>	<b>5</b>	<b>5</b>	<b><i>Ongoing all expenses submitted in excess of three months old are reviewed and approved by Internal Audit since the 1<sup>st</sup> April there have been 155 in total Plan item completed for the period.</i></b>
<b>Compliance with PSIAS</b>	Cross Cutting	Assurance / Governance / Risk	Review compliance with the Public Sector Internal Audit Standards.	<b>5</b>		<b>5</b>	<b><i>Plan item Completed</i></b>
<b>Safeguarding</b>	Cross Cutting	Assurance / Governance / Risk	Case management of safeguarding incidents are dealt with in accordance with the Council's safeguarding policies and procedures. This review will also include an annual assessment of the Council's overall operating model for safeguarding; including reviewing the adequacy of assurances obtained by the	<b>10</b>			<b><i>Plan item Completed</i></b>

			Council in respect of safeguarding arrangements in place for vulnerable adults and children for 2017/18. Preparatory work for the 2018/19 review				
<b>CRSA</b>	Learning & Skills	Assurance	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. The objectives of the Control Risk Self-Assessment (CRSA) Questionnaire are to provide a tool for the Internal Audit Section to evaluate the financial and other related controls in operation, help to provide a basis upon which the scope and frequency of audits can be determined and allow Head Teachers to self-assess themselves against potential risks. CRSA is a widely used technique in the both the public and private sectors.	<b>10</b>		<b>10</b>	<b><i>All Preparatory work has now been completed in readiness for the submission of the CRSAs to schools for completion.</i></b>  <b><i>CRSA's are in the process of being sent to Schools for completion.</i></b>
<b>Audit Committee / Member and CMT Reporting</b>	Cross Cutting	Governance / Assurance / Risk	This allocation covers Member reporting procedures, mainly to the Audit Committee, plan formulation and monitoring, and regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Team	<b>15</b>	<b>10</b>	<b>10</b>	<b><i>Plan item Completed – Forward Work Programme completed and Presented for April; July and September's January and February's Committees</i></b>



			and the Internal Audit Shared Service Board.				
<b>Advice &amp; Guidance Provision of Internal Control / General Advice</b>	Cross Cutting	Assurance	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.	<b>5</b>	<b>5</b>	<b>5</b>	<b>Ongoing – Advice and guidance is provided on a range of matters. Plan item completed for the period.</b>
<b>Grant Certification Work</b>	Cross Cutting	Assurance	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.	<b>10</b>	<b>10</b>		<b>Plan item Completed</b>
<b>Financial Systems</b>	MD & Resources	Assurance	To provide assurances that the financial systems in operation are efficient and effective and that the internal control environment is robust.		<b>25</b>	<b>25</b>	<b>Two reviews have been allocated. Both have been completed and a further two reviews have been assigned and the field work is ongoing.</b>
<b>Management of Trees</b>	Environment & Housing	Assurance	To follow up on the recommendations made during 2017/18 to ensure that the management have addressed the weaknesses identified in the overall control environment.			<b>10</b>	<b>Not allocated – Deferred to Quarter 4.</b>
<b>Landlord Compliance</b>	Environment & Housing	Assurance	To follow up on the recommendations made during 2017/18 to ensure that the management have addressed the weaknesses identified in the overall control environment.		<b>15</b>		<b>Plan item Completed</b>
<b>Additional Learning Needs Bill</b>	Learning & Skills	Assurance	Deferred from 2017/18 – To review the adequacy and effectiveness of early interventions in line with the proposed Additional Learning Needs Bill and to examine the effectiveness of collaboration.		<b>10</b>		<b>Allocated to SWAP – Work is nearing completion and Draft Report is expected shortly. (Draft Report received in January 2019 awaiting Management Response)</b>

<b>Registration Services</b>	MD & Resources	Assurance	Deferred from 2017/18 - To provide the necessary assurance that the procedure and processes are efficient and effective.			<b>10</b>	<b><i>Plan item Completed</i></b>
<b>Contract Commissioning &amp; – Brokerage etc.</b>	Social Services	Governance / Assurance / Risk	To provide assurance that the contract and commissioning processes and procedures in place within the services areas as listed below are operating effectively. Adult Commissioning Care Team; ACCT/UAP; Residency orders.		<b>10</b>	<b>30</b>	<b><i>A piece of work was commissioned by the Head of Finance / Section 151 Officer, rather than duplication we will obtain our assurance from this. UAP covered off in the work undertaken in relation to WCCIS. Residency Orders will be carried forward to 2019/20</i></b>
<b>Procurement</b>	MD & Resources	Assurance	This audit will review the procurement framework and a sample of individual procurement activities across the Council in order to evaluate the level of compliance with legislation and the Council's Constitution.	<b>15</b>			<b><i>Follow up of e-procurement and an audit of Purchasing Cards. Plan Item Complete</i></b>
<b>Housing</b>	Environment & Housing	Governance	Deferred from 2017/18 – This review will examine a number of collaboration and partnership arrangements within Housing to ensure that a robust governance framework is clearly evident.		<b>10</b>		<b><i>Plan Item Complete</i></b>
<b>Building Services</b>	Environment & Housing	Assurance	Deferred from 2017/18 – This review will examine the procedures and processes in place for mobile working to ensure compliance.		<b>15</b>		<b><i>Allocated – Field work nearing completion</i></b>
<b>Housing Renovation Grants</b>	MD & Resources	Assurance	To review the effectiveness of the procedures and processes in			<b>15</b>	<b><i>Allocated – Brief prepared and initial contact meeting</i></b>

			place for Renovation Grants to ensure compliance with legislation and guidance.				<i>held. Fieldwork is underway.</i>
<b>Direct Payments</b>	Social Services	Governance / Assurance / Risk	Review the effectiveness of the procedures and processes in place for Direct Payment to ensure compliance particularly in light of the increase in numbers as a result of the SS&WB Act.		<b>15</b>		<b><i>Draft Report issue; awaiting management response.</i></b>  <b><i>Final Report issued in January and will be included in outturn report.</i></b>
<b>Reshaping Services</b>	Cross Cutting	Assurance / Governance	To gain assurance that high risk projects are being managed under the Reshaping Services Agenda are delivering the savings required.	<b>15</b>	<b>15</b>	<b>15</b>	<b>An overview has been completed. Further work has been allocated to SWAP. Terms of Engagement agreed and fieldwork has commenced.</b>
<b>Emerging Risks / unplanned</b>	Cross Cutting	Contingency	To enable Audit Services to flexibly respond to provide assurance activity as required.	<b>10</b>	<b>10</b>	<b>10</b>	<b>7 unplanned jobs have been raised during the period five of which have been completed and two are ongoing.</b>
<b>External Audit Liaison</b>	Cross Cutting	Governance	To ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.	<b>5</b>	<b>5</b>	<b>5</b>	<b>Completed.</b>
<b>Fraud / Error / Irregularity</b>	Cross Cutting	Contingency  Fraud & Error	<b>Irregularity Investigations</b> - Reactive work where suspected irregularity has been detected.  <b>Anti-Fraud &amp; Corruption</b> – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud. Also to develop awareness sessions; e-learning; policies and procedures.	<b>15</b>	<b>10</b>	<b>10</b>	<b>Ten referrals have been received of which 7 have been concluded and three are ongoing.</b>

			<b>National Fraud Initiative</b> - 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. Review of the Council's Anti-Fraud & Bribery Policy			<b>10</b>	<b>All downloads have been completed and forwarded to NFI by the due date. Matches are expected back imminently</b>
			<b>Sub Totals Priority One</b>	<b>235</b>	<b>185</b>	<b>190</b>	
<b>HIGH RISK – PRIORITY TWO</b>							
Vale Art Strategy	Learning & Skills	Governance	Deferred from 2017/18 – Review the effectiveness of the Vale Art Strategy including overarching governance arrangements for any regional working.			<b>10</b>	<b>Not yet allocated</b>
Risk Management	Cross Cutting	Risk	Review of evidence to ensure that the council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.			<b>10</b>	<b>Allocated and work has commenced.</b>
Performance Management Framework	MD & Resources	Risk	To review the performance management arrangements paying particular attention to the accuracy of the performance information collected and reported.			<b>10</b>	<b>Brought forward from quarter 3. (Final reports have been issued in January 19).</b>
Highways - Potholes	Environment & Housing	Assurance	To review the procedures and processes in operation within the Councils Highways Routine Maintenance – specifically potholes to determine if the previously identified areas of weakness have been fully rectified and that the control environment is robust.	<b>10</b>			<b>Allocated in quarter 2. Fieldwork completed. (Draft Report issued in January 2019)</b>

PCI – DSS (Payment Card Industries – Data Security Standards)	MD & Resources	Assurance / Risk	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.			10	Deferred to 2019/20
Schools	Learning & Skills	Assurance	To undertake a number of school based reviews in accordance with Internal Audit's risk based schools assessment.  To undertake cross-cutting projects to ensure compliance across all schools.	10  10	10  10	10  10	A number of pieces of work have been completed relating to Schools. Two School visits have been completed and final reports issued.  A cross cutting review of School Meal Income has been undertaken. Additional days have been utilised for Parent Pay because of the number of schools visited in relation to the review.
Safer Recruitment	MD & Resources	Assurance	To provide assurances that safer recruitment is operating effectively across the Council.	10			Plan Item Complete
Equalities	MD & Resources	Assurance	To review the Council's Strategic Equality Plan to provide assurance that it is fulfilling its duties in respect of the Equality Act 2010 (as amended from time to time) and specific duties in Wales.				Brought Forward from Quarter 4. Work allocated in Quarter 3 and draft report issued awaiting management response.
Intake & Family support	Social Services	Assurance / governance	Compliance with legislation regarding Child Protection measures; Integrated - Family Support to prevent care intervention; Review referral, assessment and wellbeing outcome processes.		10	10	This work is not being undertaken because the service is undergoing a major inspection and this would be a duplication of effort.

Business Continuity Planning	MD & Resources	Assurance / Risk	To evaluate the Council's Business Continuity Plan to provide assurances that it sets out how the Council will operate following an incident and how it expects to return to 'business as usual' in the quickest possible time afterwards, that roles and responsibilities are clearly defined and understood and that all relevant stakeholders are fully aware of the Plan and its content.	10		10	<b>Plan item complete</b>
Use of Mobile Communications	Cross Cutting	Risk	The Council has recognised the growth of mobile communications which can be demonstrated a number of ways including: the introduction of a smartphone app to improve access to services together with the creation of integrated self-service opportunities via the Council website focussed on services which have high volume, low complexity transaction. The review will evaluate the effectiveness of the Council's use of Mobile Communications for its community having regards to any appropriate legislation, guidance and internal policies.				<b>Allocated and work has commenced in quarter 3.</b>
SRS Work	Environment & Housing	Assurance	To review the procedures and processes in operation relating to the Shared Regulatory Service determine if the control environment is robust.		10	10	<b>Plan item Complete</b>

Telecare	Social Services	Assurance	To review the procedures and processes in operation relating to Telecare to determine if the previously identified areas of weakness have been fully rectified and that the control environment is robust.				
Waste Management	Environment & Housing	Governance / Assurance / Risk	To review collection performance, arrangements in place for increasing levels of recycling, how customer complaints are dealt with, as well as monitoring costs and collecting income (trade waste).		10		<b>Included as part of the Contract Management work being undertaken by SWAP</b>
Garage Services	Environment & Housing	Risk / Assurance	To review the processes and procedures in place relating to garage services to provide assurances that the internal control environment is robust. The review will focus the MOT system and controls within the TRANMAN system.			10	<b>Draft Report issued awaiting management response. (Final report issued in January 19).</b>
Highways	Environment & Housing	Risk / Assurance.	To review progress against the three year highway resurfacing plan focusing on the use of contractors and compliance with Council's policies and procedures.  Highways Construction Team (HCT) – to evaluate a number of capital funded schemes managed by the HCT to ensure compliance with contract / financial procedure rules.			10	<b>Included as part of the Contract Management work being undertaken by SWAP.</b>
Occupational Health	MD & Resources	Risk	To review the processes and procedures in place for Occupational Health and to				

			provide the necessary assurances on the effectiveness of the control environment.				
Facilities Management	MD & Resources	Assurance	The audit will critically review the management and control of the Council's Office Accommodation Budget, (Facilities Management Budget).			10	Work completed, draft report being formulated.
Parent Pay	Learning & Skills	Assurance	To review the processes and procedures in place for the administration of Parent Pay and provide assurances on the overall robustness of the control environment.		10		Allocated in Quarter 3 and fieldwork is underway, additional days have been used from Schools Cross Cutting allocations due to the number of visits made.
Access to records – GDPR	Cross Cutting	Governance / Assurance / Risk	To ensure that the GDPR are being implemented and embedded throughout the Council		10		Plan item complete
Catering	Learning & Skills	Governance / Assurance / Risk	To provide assurances as to the robustness of the overall governance structure within the Catering Service.		15		Deferred to 2019/20 as new Catering Service not yet established.
Stores	Environment & Resources	Assurance	To review the procedures and process in place for the administration of the stores department within the Directorate of Environment & Housing and provide assurance as to their effectiveness.			15	Allocated – draft report prepared and under review.
Supplier Management	Cross Cutting	Assurance	To undertake a trend analysis identifying the spend profile of the Council to ensure that policies and procedures are being adhered to.			10	Allocated awaiting initial meeting.
Asset Management	Cross Cutting	Risk / Assurance	To ensure that the disposal of assets is in accordance with Council policy, rules and				



			regulations.				
Organisational Development Policy Compliance	MD & Resources	Assurance / Governance	To ensure that policies and procedures are being administered consistently across the organisation. This will focus on a Payroll Review			15	Allocated and fieldwork has commenced.
Project / Contract Management	Cross Cutting	Governance / Assurance / Risk	To undertake a review of the procedures and processes associated with a number of Projects / Programme. Particular emphasis will be placed on compliance to the Council's Rules and Regulations and Project Management Methodology.	10	10	10	Allocated – brief agreed and work is ongoing – work allocated to SWAP and will include Waste Management and Highways Construction.
ICT Audit	Cross Cutting	Governance / Assurance / Risk	ICT systems reviews will be undertaken across Directorates ICT systems to ensure robust controls are evident and operating effectively.		20		Allocated and a review of Cyber Security is underway.
ICT – Social Services	Social Services	Governance / Assurance / Risk	Provide Assurances on the implementation of WCCIS / Dewis and ongoing update of systems.			15	Work completed – draft report issued in January and awaiting management response.
Complaints / Representations & Advocacy – Social Services	Social Services	Governance / Assurance / Risk	Review complaints process within Social Service to provide assurance as to its effectiveness and compliance with set targets.  To provide assurances that the Council's policies and procedures are aligned to the National Approach to Statutory Advocacy for Children and	10			Work completed. Draft reports issued to Management awaiting response.
					10	10	Draft Report covering Advocacy is being prepared.

			<p>Young People being introduced.</p> <p>Provide assurance that procedures and processes are in accordance with the Golden Thread Advocacy Programme for Adults.</p>				
Youth Offending Service (YOS)	Social Services	Governance / Assurance / Risk	<p>This is a statutory Service and this has not been audited for some time. Two reviews have been undertaken.</p> <p>YOS – Financial Compliance Promoting Positive Engagement Grant Review 2018/19</p>				<b>Work completed – Both Final reports have now been issued in January 2019</b>
Looked After Accommodated Children	Social Services	Governance / Assurance / Risk	<p>As a result of the SS &amp; WB Act, new regional strategy and guidance has been developed for care leavers. The review will provide assurance that regional care and support plans for looked after children have been developed in accordance with the requirements of the Act.</p>		15		<b>This work is not being undertaken because the service is undergoing a major inspection and this would be a duplication of effort.</b>
CIV Processes	Social Services	Assurance	<p>To review and provide assurances as to effectiveness of CIV in accommodating and dealing with data collection, dealing with referrals and signposting as a result of the changes brought about by the implementation of the SS &amp; WB Act.</p>		10		<b>Work completed – draft report issued to management for response.</b>
<b>Sub Total Priority Two</b>				<b>70</b>	<b>150</b>	<b>195</b>	
				<b>305</b>	<b>335</b>	<b>385</b>	

**Table 1: Unallocated Work in Quarter 1, 2 & 3 – Quarter Three Position Statement.**

<b>Progress Against Plan – Priority One – Not Yet Allocated</b>		
<b>Audit Area</b>	<b>Budget Days</b>	<b>Comments</b>
Management of Trees	10	Deferred to Quarter 4
Contract & Commission -	20	Deferred to 2019/20
<b>Total Priority One</b>	<b>30</b>	
<b>Progress Against Plan – Priority Two – Not Yet Allocated</b>		
Vale Art Strategy	10	Not allocated in Quarter 3 – deferred to quarter 4.
PCI-DSS	10	Deferred to 2019/20 due to the service procuring an alternative service.
Intake and Family Support	20	This work will no longer be undertaken
Catering	15	Not allocated in Quarter 2, deferred to 2019/20.
Looked After Accommodated Children	15	This work will no longer be undertaken
<b>Total Priority Two</b>	<b>70</b>	
<b>Overall Total of un allocated days – Priority One &amp; Two</b>	<b>100</b>	

**Table 2: Brought Forward Work from Future Quarters.**

<b>Progress Against Plan – Priority One – Brought Forward from Future Quarters</b>		
<b>Audit Area</b>	<b>Budget Days</b>	<b>Comments</b>
<b>Total Priority One</b>	<b>0</b>	
<b>Progress Against Plan – Priority Two – Brought Forward from Future Quarters</b>		
Use of Mobile Communications	10	Brought Forward from Quarter 4 – Work ongoing
Equalities	10	Brought Forward from Quarter 4 – work complete
YOS	10	Brought Forward from Quarter 4 – Work Complete
<b>Total Priority Two</b>	<b>30</b>	
<b>Overall Total of brought forward allocations Priority One &amp; Two</b>	<b>30</b>	

**Bridgend and Vale Internal Audit Service:  
Head of Internal Audit's Performance Report April 2018 to December 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 1<sup>st</sup> 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 December 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 September 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	√				
Enable Grant 2016/17		√			
Registrars		√			5
Landlord Compliance		√			2
Safer Recruitment		√			1
Council Tax		√			
Enable Grant – 17/18		√			1
Main Accounting & Budgetary Control	√				1
C/F Leisure Contract		√			
Supporting People Grant 2017/18		√			2
Welsh for Adults Grant 2017/18		√			
Ysgol y Ddraig School		√			3
Housing & Partnership / Collaboration	√				
GDPR		√			1
ICT Business Continuity			√		4
Complaint Stage 2	n/a	n/a	n/a		
Total Audits (25)	6	18	1		26

**ICT Business Continuity** – The objectives of the audit were 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. 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. Whilst there were a number of strengths and areas of good practice identified, the overall weaknesses in the control environment meant that only limited assurance could be provided. The key issues which need to be addressed are:

- There has been no formal collation of business impact assessments across the Council and thus critical applications have been assigned solely on the best efforts of staff members within ICT Services.
- The majority of plans for the Council’s critical applications were last checked in 2015 and thus the Council’s ICT Service/Business Continuity Plan requires update in order to maintain its usability in a disaster scenario.
- The Council was, at the current time, unable to perform a full failover test including the changes to relevant network details.

The Management Implementation Plans have been completed and returned and Management have confirmed that all 26 recommendations are or have been implemented.

All 26 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
Email Usage	Complete - Referred to Determining Officer	n/a	n/a
Email Usage	Complete – Referred to Determining Officer	n/a	n/a
Petrol Usage	Complete – Referred to Determining Officer	n/a	n/a
Safeguarding DB	Complete - Referred to the Determining Officer	n/a	n/a
Safeguarding JC	Complete – Referred to the Determining Officer	n/a	n/a
Total Audits (7)			

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 31<sup>st</sup> December 2018

**Table 4**

Work In Progress	Update
Management of Trees	To follow up on the recommendations made in the previous report issued in 2017/18. This work has been allocated in Quarter 3.
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. <i>Draft</i> report has been prepared and is under review. Report has been finalised in January and will be included in the update to Members at their April Committee.
Performance Management Framework – PI's	<p>The objective of this audit is to review the performance management arrangements paying particular attention to the accuracy of the performance information collected and reported for 2017/18.</p> <p>To verify the accuracy of the National, Core and Local Performance Indicators submitted for 2017/18 providing assurance on the overall reliance that can be place on the accuracy of the information by ensuring that all working papers and source data is correct.</p> <p><i>The audit field work is nearing completion.</i></p>

Building Services Responsive Repairs	<p>This review will examine the procedures and processes in place for Building Services Responsive Repairs to ensure compliance to provide assurance that the control environment is robust.</p> <p>Undertake testing of data from April 2018 to September 2018 to ensure that satisfactory controls are in place in the following areas :</p> <ul style="list-style-type: none"> <li>• Mobile working • Call outs • Inspections • Ticketed work</li> </ul> <p>Fieldwork is well underway and nearing completion.</p>
Housing Revenue Grants	<p>To review the effectiveness of the procedures and processes in place for Renovation Grants to ensure compliance with legislation and guidance. Fieldwork is underway.</p>
Risk Management	<p>To follow up on the recommendations made as part of the Healthy Organisation Review.</p> <p>Work has commenced and is ongoing.</p>
Performance Management Framework – PI's	<p>The objective of this audit is to review the performance management arrangements paying particular attention to the accuracy of the performance information collected and reported for 2017/18.</p> <p>To verify the accuracy of the National, Core and Local Performance Indicators submitted for 2017/18 providing assurance on the overall reliance that can be place on the accuracy of the information by ensuring that all working papers and source data is correct.</p> <p>Draft report has been prepared and reviewed. Final report has been issued in January and will be included in the outturn report as part of the agenda for the April's Audit Committee</p>
Highway Maintenance - Potholes	<p>To determine if the previously identified areas of weakness have been fully rectified and that the control environment is robust.</p> <p>Fieldwork is complete and a draft report was issued in January 19 and we are awaiting a management response.</p>
Equalities	<p>To provide assurance that the Council's Equality Plan fulfils its duties in respect of the Equality Act 2010 (as amended from time to time) and specific duties in Wales.</p> <p>Draft report has been issued and we are awaiting a management response.</p>
Use of Mobile Communications	<p>To evaluate the effectiveness of the Council's use of mobile communications for its community having regards to any appropriate legislation, guidance and internal policies.</p> <p>Work is ongoing.</p>



Garage Services	<p>To review the processes and procedures in place relating to garage services. The review will focus on the MOT system and controls within the TRANMAN system.</p> <p>Work complete, draft report issued, management response received and the final report was issued in January 19; therefore this will be included in the outturn report which will be reported to Committee in April 2019.</p>
Facilities Management	<p>The objectives of the audit were to critically review the management and control of the Council's Office Accommodation Budget, (Facilities Management Budget).</p> <p>Fieldwork complete and draft report formulated. Draft Report issued awaiting management response.</p>
Parent Pay	<p>To review the processes and procedures in place for the administration of Parent Pay and provide assurances on the overall robustness of the control environment.</p> <p>Fieldwork is ongoing.</p>
Stores	<p>To review the systems in operation regarding the control and recording of the Stores facility at the Alps Depot. To review the systems in operation regarding the control of fuel issued from the Alps Depot. Review the methodology employed to ensure the accuracy of the annual stock returns.</p> <p>Fieldwork is completed and draft report is under review.</p>
Supplier Management	<p>To undertake a data extraction exercise to review any trend analysis identified from the spend profile of the Council to ensure that policies and procedures are being adhere to.</p> <p>Allocated and work is ongoing.</p>
Organisational Development – Payroll Compliance	<p>To ensure that policies and procedures are being applied consistently across the Council focusing particularly on the Council's Payroll processes.</p> <p>Allocated and work is ongoing</p>
ICT Audit	<p>The objective of the audit is to evaluate and provide assurance on the Council's risk management process in relation to cyber security; identifying how the Council manages its overall risk exposure.</p> <p>Allocated and the fieldwork is well advanced.</p>

**Section 6 – Audits undertaken by SWAP – as at 31<sup>st</sup> December 2018**

<b>Type of Work In Progress</b>	<b>Update</b>
Additional Learning Needs Bill	<p>To provide assurance that reasonable preparatory work has been undertaken by the Council for the upcoming Additional Learning Needs Bill and Transformation Programme.</p> <p>The Draft Report has been received in January and we are awaiting management response.</p>
Contract & Commissioning - Brokerage	<p>Work included within the WCCIS review. Head of Finance commissioned worked and therefore to avoid duplication we will gain our assurances from this. Residency Orders will be carried forwarded into 2019/20</p>
Direct Payments	<p>This Direct Payment audit review has been performed to assess the effectiveness of the procedures and processes for Direct Payments to confirm the suitability of the control framework in place, particularly considering the increase in numbers as a result of the Social Services and Well-Being Act (2014).</p> <p>Work is now complete and management response received. The Final Report has been issued and will be included in the outturn report and reported to Audit Committee in April.</p>
Reshaping Services	<p>The objective of the audit is to conduct a broad review of the Reshaping Services Programme and provide assurances against the effectiveness of the Strategy, governance arrangements, of how corporate and services projects are managed and whether overall targeted income generation and savings are realistic, adequate and being achieved.</p> <p>Terms of Engagement have been received and fieldwork has commenced.</p>
Project Management – Including Waste Management and Highways Resurfacing	<p>The Objective of the audit is to ensure the Council is procuring and managing its key contracts in an efficient and effective manner; in compliance with relevant legislation.</p> <p>Terms of Engagement have been received and fieldwork has commenced.</p>
ICT – Social Services (WCCIS)	<p>To provide assurances as to effectiveness of the implementation and ongoing update and development of WCCIS.</p> <p>Work is now complete and a draft report received in January. This has been forwarded to management for their comments and completion of the Management Implementation Plan,</p>

Complaints and Representations	<p>To ensure that complaints are managed to a high standard, dealt with appropriately and results/feedback are utilised to improve services.</p> <p>Work is now complete and a draft report received in January. This has been forwarded to management for their comments and completion of the Management Implementation Plan,</p>
Advocacy	<p>To provide assurances that the Council's advocacy provisions are in line with statutory requirements.</p> <p>Terms of Engagement have been agreed and fieldwork is ongoing.</p>
Youth Offending Service	<p>To achieve the objective of the audit, we assessed the Council's compliance with the key stipulations set out in the Welsh Government Offer Letter. Specifically, whether the Council adheres to its obligations and to use the funding solely for the purposes its provision was intended for. To ensure that all declarations made to the Welsh Government are based on complete and accurate information.</p> <p>Work is now complete and a Final Report has been issued in January. No management response is required as the overall opinion is substantial assurance.</p>
Youth Offending Service	<p>To ensure that the systems and controls surrounding the financial transactions of the Youth Offending Service are operating in accordance with the Council's Financial Procedure Notes and where applicable, Contract Procedure Rules.</p> <p>Final report issued in January 2019 – no management response required as overall opinion is substantial assurance.</p>
CIV Processes	<p>To provide assurances as to the effectiveness of the recently implemented C1V ("Contact One Vale") Team and the Adult Social Care Intake and Assessment Team structure for accommodating and dealing with data collection, signposting to Council services and dealing with referrals.</p> <p>Work is now complete and a draft report has been issued awaiting management response.</p>

### Section 7 – 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 5 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.

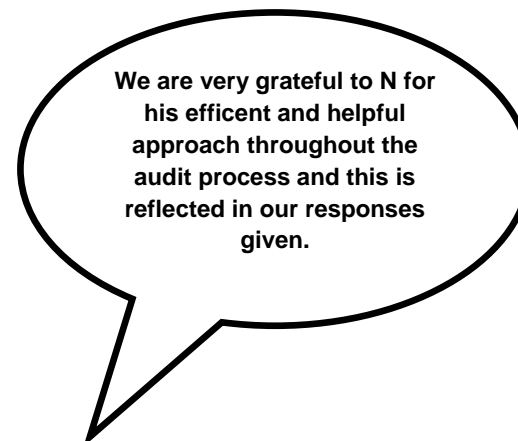
## Section 7 – Key Performance Measures – Client Satisfaction Questionnaires

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 September 2018 are summarised in Table 6 below.

**Table 6**

No.	Question	Average Score of Responses to December 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 and recognise 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;
- CIPFA Procurement and Contract Audit Summit; and
- Domestic Abuse and Sexual Violence
- Armed Forces Covenant
- Cyber Security Enterprise Risk Management
- Challenges and Opportunities for Public Sector Data Centre Modernisation.

**Section 9 – Matters of Note**

With the exception of ICT Business Continuity Planning which is referred to in the body of the report, there are no other matters of note that need to be highlighted from the completed work undertaken by Internal Audit during the period April to December 2018.

However, it must be reported that there are a number of reviews that are either awaiting management comments or have only just been finalised during January that have identified significant control weaknesses. These are mainly concentrated within the Directorate of Social Services and the details of which will be reported to Audit Committee in April. In addition, there is an issue within Learning & Skills relating to one Primary School where the control environment is particularly weak and we have arranged for a full audit to be undertaken in March.