

Meeting of:	Audit Committee
Date of Meeting:	Tuesday, 03 September 2019
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Progress Against the Audit Risk Based Plan 1st April 2019 to 31st July 2019
Purpose of Report:	To provide Members with a position statement on progress being made against the audit work that was included and approved within the 2019-20 Internal Audit Annual Risk Based Plan
Report Owner:	Head of the Regional 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 as at 31st July 2019 is detailed in Appendix A. No area of major concern has been identified although it shows that 13 reviews have been finalised and 28 recommendations have been made to strengthen the control environment. • The status of all the planned priority 1 and priority 2 work for quarter 1 and quarter 2 is also illustrated. Some planned reviews are on-going or reports have been issued in draft however some planned reviews are yet to commence. • The plan was based on a fully staffed structure however there are vacant posts being held until the Regional Service restructure has taken place. This has had a knock on effect on the audit plan but in order to assist in this shortfall the South West Audit Partnership (SWAP) have been commissioned to undertake some reviews. 	

Recommendation

1. That Members note the content of the report and the progress made

Reason for Recommendation

1. To keep 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 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.
- 1.2 The 2019/20 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 30th April 2019. The Plan outlined the assignments to be carried out and their respective priorities

2. Key Issues for Consideration

- 2.1 The Plan provided for a total of 1,402 audit days to cover the period April 2019 to March 2020. 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.
- 2.2 Actual progress against quarter 1 and quarter 2 of the 2019/20 Risk Based Plan is attached at Appendix A which details the status of each planned review.
- 2.3 It can be seen that as at 31st July 2019, 13 audit reviews have been finalised and 28 recommendations have been made to improve the control environment, all of which have been categorised as of medium / significant risk. Of the 13 completed reviews, 6 were reactive work whereby potential fraud was identified and an investigation or fact finding has been undertaken.
- 2.4 The plan was based on a fully staffed structure but as previously reported, the Section continues to carry vacant posts whilst the structure of the Regional Service is being developed. Therefore once again the South West Audit Partnership (SWAP) have been commissioned in order to address in part some of the shortfall in days necessary to complete the plan.

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 deliver the well-being objectives.

4. Resources and Legal Considerations

Financial

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

Employment

- 4.2** None as a direct consequence of this report.

Legal (Including Equalities)

- 4.3** 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.

5. Background Papers

None

Vale of Glamorgan Council - Activity Against Audit Plan 1st April 2019 to 31st July 2019

Area Priority One	Audit Scope / Risk	Comments	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Adoption Service	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 2018-19.	Completed	√				1
SRS Joint Service - Governance & Financial Controls	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 2018-19 Financial Year.	Completed	√				0
Safeguarding	This review will also include an annual assessment of the Council's overall operating model for safeguarding;	deferred - WAO work issued June 2019					
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.						
	Bus Service Support Grant (BSSG)	Completed		√			2
	Supporting People Outcomes	Completed		√			0
	SRS - Illegal Money Lending (IML) Verification	Completed	√				0
	Rent Smart Grant Verification	Completed	√				0
Education Improvement Grant 18/19		on-going					
Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems.						
Procurement – Compliance with Procurement Legislation and Council Regulations.	To provide assurance that the Council has appropriate arrangements in place that are being complied with, to ensure compliance with procurement legislation and internal regulations.	SWAP - on-going					
Reshaping Services	To gain assurance that high risk projects are being managed under the Reshaping Services Agenda are delivering the savings required.	not allocated - SWAP report 2018/19 recently issued					
Capital Programme	The work undertaken in this area will focus across both business as usual projects and those associated with the Reshaping Service programme to provide assurances that the control environment surrounding both are robust, efficient and effective.	to be allocated					
Direct Payments	To follow up on the recommendations made as part of the review during 2018/19 to ensure that action has been taken to address the weaknesses identified.	on-going					
Data Analytics	To align with this objective, Internal Audit is currently developing a data analytics strategy to be implemented during 2019/20. 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, analysis of supplier data used to inform contract audit work					

Area	Audit	Comments	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Priority One	Scope / Risk						
Audit Committee / Member and CMT Reporting	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 and the Internal Audit Shared Service Board.						
Advice & Guidance Provision of Internal Control / General Advice	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.						
Compliance – expenses / mileage claims	Review of expenses / mileage claims submitted which are over three months old. Ongoing throughout the year.	Ongoing - all expenses in excess of 3 months old are reviewed by Internal Audit. Since the 1st April 2019, 52 claims have been reviewed.					
Compliance with PSIAS	Review compliance with the Public Sector Internal Audit Standards.	on-going					
Carry Forward from 2018-19	Provision for those assignments which are still ongoing at the end of 2018-19.						
	C/F Housing Benefits	Completed		√			4
	C/F Payroll & Excessive Hours	Completed		√			7
	C/F Debtors	Completed		√			5
	C/F Creditors	Completed		√			2
	C/F Reshaping Services	Completed		√			1
2018-19 closure of reports	To finalise all draft reports outstanding at the end of 2018-19.	Completed					
Annual Governance Statement 2018-19	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 2018-19 (including the Governance Assurance Statements from Corporate Officers and Senior Management. Deadline date June 2019.	Completed					
Follow up of Recs. for Limited Reports	To ensure that all recommendations made in 2018-19 have been actioned.	see below					
	e-Procurement Follow Up	on-going					
	Youth Services - Use of fuel Follow Up	on-going					
Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations ensure recommendations are followed up and reported upon to Audit Committee in a timely, efficient and effective manner.	on-going					
Annual Opinion Report 2018-19	To prepare and issue the Head of Audit's Annual Opinion Report 2018/19.	Completed					
Audit Planning 19-20	To monitor the annual risk based audit plan for 2019/20.	on-going					
Exemptions to Contract / Finance Procedure Rules	To challenge the use of exemptions to both Contract and Finance Procedure Rules via the waiver procedure. Challenge provided throughout the year.	ongoing - during the period 6 exemptions / waivers have been challenged and actioned.					

Area	Audit Scope / Risk	Comments	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Priority One							
Emerging Risks / unplanned	To enable Audit Services to flexibly respond to provide assurance activity as required. Flex Scheme Pilot Review	draft issued					
External Audit Liaison	To ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.						
Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.	see below					
	Youth Missing Laptop	Completed			√		3
	Email & Internet Use	fact finding report issued					
	EMail Internet Review	fact finding report issued					
	Team Email & Internet Review	fact finding report issued					1
	Email & Internet Update	fact finding report issued					
Fraud / Error / Irregularity	School Cleaners Timekeeping	fact finding report issued					1
	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud .Include training and awareness sessions	on-going					
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.	ongoing and subject to a separate report					
	NFI Creditors	on-going					
Sub Totals Priority One			4	7	1	0	27
Priority Two							
Risk Management	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.	to be allocated					
Retrospective Orders	Inappropriate use of retrospective orders increases the risk to the Council of duplicate / fraudulent orders and payments, disputes and legal consequences, ineffective budget management and the non-achievement of Value for Money.	draft report under review					
Standing Data inc. PO Box Addresses	This is a bespoke piece of work which will look at:-reviwing validity of PO Boxes, identify irregularities and rec checks to be carried out.	draft issued					
Banks Automated Clearing System (BACS)	This review will provide assurance on the adequacy and effectiveness of the control environment surrounding both Direct Debits and Credits across the Council.	brief issued and work due to commence					
Housing Revenue Account	To review the arrangements in place for monitoring the Council's HRA financial viability. To review recharges to HRA to ensure expenditure / income is applicable.	to be allocated					
Fostering	To review the resilience of the system for recruiting and retaining Foster Carers.	on-going					

Area Priority One	Audit Scope / Risk	Comments	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Schools	To undertake a number of school based reviews in accordance with Internal Audit's risk based schools assessment.	see below					
	Cowbridge Comprehensive Payroll	Completed	√				1
	Holton Road Primary Follow Up	draft issued					
	St Cyres Comprehensive Payroll	draft issued					
	Stanwell Comprehensive Payroll	due to commence					
Schools	To undertake cross-cutting projects to ensure compliance across all schools.	see below					
	School Budget Monitoring	brief issued					
Intake & Family support	To follow up on the recommendations made as part of the review in 2017/18 to ensure that action has been taken to address the weaknesses identified.	to be allocated					
SRS Work	To review the procedures and processes in operation relating to the Shared Regulatory Service determine if the control environment is robust.	taxi licensing in VOG and BCBC undertaken					
Waste Management	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).	on-going					
Catering	To provide assurances as to the robustness of the overall governance structure within the Catering Service.	awaiting consultant's report					
Contract and Project Management	To undertake a review of the procedures and processes associated with a number of Contracts / Projects / Programme. Particular emphasis will be placed on compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts.	SWAP - work on-going					
ICT Audit	ICT systems reviews will be undertaken across Directorates ICT systems to ensure robust controls are evident and operating effectively.	brief issued and work due to commence					
ICT – Social Services	To follow up on the recommendations made as part of the 2018/19 review to ensure action has been taken to address the weaknesses identified.	to be allocated					
Complaints / Representations & Advocacy – Social Services	To follow up on the recommendations made as part of the 2018/19 review to ensure action has been taken to address the weaknesses identified	to be allocated					
Communications	This review will seek to determine whether there is an effective control framework in place for the production of reliable financial information, prior to release to either internal or external parties	deferred as review completed and issued in qtr 4 2018/19					
General Data Protection Regulations (GDPR)	The General Data Protection Regulation (GDPR)	SWAP - work on-going					
Highways Winter Maintenance	To provide assurance over the Council's compliance with the Code of Practice for Well Maintained Highways	to be allocated					

Area	Audit	Comments	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Priority One	Scope / Risk						
Follow Up - Additional Learning Needs Bill	To follow up on the recommendations made during the 2018/19 review to ensure action has been taken to address the weaknesses identified.	to be allocated					
Follow Up - Contract & Commissioning – Brokerage etc.	To follow up on the recommendations made during the 2018/19 review to ensure that action has been taken to address the weaknesses identified.	to be allocated					
Debt Mapping	Map the processes for debt recovery and review for efficiency; ensuring it is in line with the Council's Regulations and Policies.	Included in Debtor review completed in June 2019					
	Sub Totals Priority Two		1	0	0	0	1
OVERALL TOTALS			5	7	1	0	28