

Meeting of:	Audit Committee
Date of Meeting:	Monday, 14 December 2020
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Progress Against the Audit Risk Based Plan 1st April 2020 to 30th November 2020
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 2020-21.
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 as at 30th November 2020 is detailed in Appendix A. It shows that 15 reviews have been finalised, 9 with an audit opinion whilst 2 reports have been issued in draft. • 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 4 of the completed audits and an opinion of reasonable assurance to the remaining 5 completed audits. • 18 recommendations have been made to strengthen the control environment; all are categorised as medium priority and will be monitored to ensure they are effectively implemented. 	

Recommendations

1. That members of the Committee note the content of the report and the progress made against the 2020-21 Internal Audit Annual Risk Based Plan.

Reasons for Recommendations

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 Internal Audit Plan for 2020-21 was submitted to Audit Committee for consideration and approval on 24th September 2020. The Plan outlined the assignments to be carried out which will provide enough coverage to provide an opinion at the end of 2020-21 whilst having regard to the unprecedented impact of the pandemic.

2. Key Issues for Consideration

- 2.1 Progress made against the plan for the period 1st April to 30th November 2020 is attached at Appendix A. This details the status of each planned review, the audit opinion and the number of any high or medium 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 Audit Committee 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 November 2020, 15 pieces of work have been completed of which 9 audit reviews have resulted in an opinion being provided. A further 2 reviews have been completed and draft reports issued which are awaiting feedback from Service Departments. In addition, 16 audits are currently on-going with another 4 having been allocated and should commence shortly.

- 2.3** Internal Audit staff and auditees are now used to the remote ways of working and conducting audits digitally and whilst there are some connection issues periodically it is not causing any significant problems. Although progress is being made, consideration is given to pressures that service areas are under due to the pandemic. For this reason, it has been agreed that one planned audit within community care will be deferred to next financial year. Where relevant, the scope of an audit includes consideration to any changes in the way services are delivered due to the impact of covid-19. These changes are evaluated to ensure that the controls remain effective to mitigate any risk. To date no issues have been found.
- 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 4 completed audits and an opinion of reasonable assurance to 5 completed audits.
- 2.5** Appendix A illustrates that a total of 18 medium (significant) recommendations have been made to improve the control environment of the areas reviewed. The implementation of these recommendations will be monitored to ensure that improvements are being made.
- 2.6** A follow up of a previous limited report in respect of school budget monitoring has been completed and it has been found that the control environment has been strengthened due to the implementation of the recommendations made. One recommendation is outstanding and will be followed up in due course. As a result, a reasonable audit opinion has now been given to this area.

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. Resources and Legal Considerations

Financial

- 4.1** 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

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

Area	Audit Scope / Risk	Status	Opinion			Recommendations	
			Substantial	Reasonable	Limited	High	Medium
Annual Governance Statement 2019-20	The completion of the Council's AGS (including the Governance Assurance Statements from Corporate Officers and Senior Management). Deadline date June 2020.	completed					
Annual Governance Statement 2020/21	To make preparations for the production of the AGS for 2020/21						
Safeguarding	This review will include an annual assessment of the Council's overall operating model for safeguarding; reviewing the adequacy of assurances obtained by the Council in place for vulnerable adults and children particularly having regard to the impact of COVID19.	on-going					
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
	Housing Support Grant 2019-20	completed	√				0
Purchasing Cards	To provide assurance that the Council's guidance for purchasing cards is sufficient and there is compliance to these policies and procedures across the Council	completed		√			8
Risk Management	Successful risk management relies on a corporate approach to ensure that all risks are identified and managed systematically and consistently across the Council and any new risks due to COVID19 have been considered.	on-going					
COVID - Remote Working	Increase in remote working due to COVID19 - impact on governance and internal control arrangements using a questionnaire	on-going					
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 2019-20 Financial Year.	completed	√				1
Contract Monitoring	To provide assurance that during negotiation and settlement of contract disputes / final payments there is adherence to Council's policies and procedure including CPR and PCoP.						
Tender Evaluation & Award	To undertake a review of the procedures and processes associated with a number of Contracts and compliance to the Council's Rules and Regulations focusing on tender and award of contracts also having regard to any impact COVID19 has had to these processes.						
SRS Joint Service	Undertake a service specific compliance review - area to be confirmed						
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.						
	Education Improvement Grant 2019/20	completed		√			0
	All Saints School Follow Up Stanwell Payroll Follow Up	on-going on-going					
School Risk Assessment	To review 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 particularly during the pandemic.	on-going					
School deficits	To review the monitoring processes both within the school and between the school and LA to ensure that deficit balances are sufficiently monitored and the recovery plan is achievable	completed		√			2
Catering Company	To provide assurances on the operation of the Catering Company.						

Area	Audit Scope / Risk	Status	Opinion	Recommendations
ALN - Out of County Charges	To provide assurance that monitoring of expenditure is adequate			
Youth Services	Compliance to Council's policies and procedures	allocated		
Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems. The new arrangements adopted due to COVID19 will be examined to provide assurance that controls are still in place.			
	Income Collection Cash Control	on-going		
	Free School Meals	allocated		
Payroll	Review starters and leavers, changing records / data	draft issued		
Members Code of Conduct	Review of compliance of Members to the Council's Code of Conduct	completed	√	0
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.	allocated		
ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively including the control and distribution of ICT equipment since the increase of home working since the outbreak of COVID19			
Procurement	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.			
Disabled Facilities Grants	To review the process and payments in regard to grants paid to applicants			
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
Flying Start	To provide assurance that the Council's policies and procedures are complied with	on-going		
Partnership Working	To review the governance arrangements in place to ensure the Council is correctly represented in regard to the Regional Emergency Duty Team	potential joint work with Cardiff Council		
Direct Payments Follow Up	To follow up on the previous limited report to ensure improvements have been made to the control environment	draft issued		
Complaints & Representation Follow Up	To follow up on the previous limited report to ensure improvements have been made to the control environment	allocated		
Contract & Commissioning Follow Up	To follow up on the previous limited report to ensure improvements have been made to the control environment	deferred until 2021/22 at request of Chief Officer		
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.			
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 2020, 99 claims have been reviewed.		
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 -28 exemptions / waivers have been agreed to date.		
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		
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		

Area	Audit Scope / Risk	Status	Opinion			Recommendations	
Compliance with PSIAS	Review compliance with the Public Sector Internal Audit Standards.	completed					
Carry Forward from 2019-20	Provision for those assignments which are still ongoing at the end of 2019-20. C/F C1V Software Application	on-going					
Closure of reports - 2019/20	To finalise all draft reports outstanding at the end of 2019-20.	completed					
Follow up Reports	To ensure that all limited assurance reports are followed up in a timely manner School Budget Monitoring Follow Up	completed		v			1
Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.	on-going					
Annual Opinion Report 2019-20	To prepare and issue the Head of Audit's Annual Opinion Report 2019/20.	completed					
Annual Opinion Report 2020-21	Preparation for the production of the 2020-21 Annual Opinion Report						
Audit Planning 2020 - 21	To prepare, present and monitor the annual risk based audit plan for 2020/21.	on-going					
Audit Planning 2021 - 22	To prepare and present the annual risk based audit plan for 2021/22.						
External Audit Liaison	To ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.						
Emerging Risks / unplanned	To enable Audit Services to flexibly respond to provide assurance activity as required. Primary School - Financial Information Review	completed					2
	Whistleblowing - Freedom of Information Request Issue	completed					1
	Whistleblowing - Contracted and timesheet hours	on-going					
	Homelessness						
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. Matches will include business grants made available due to COVID19	on-going					
Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected. Council mobile phone left in taxi	fact finding report issued					
Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.	on-going					
	Overall Totals		4	5	0	0	18