Meeting of:	**Governance and Audit Committee**
Date of Meeting:	**Thursday, 23 September 2021**
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Progress Against the Internal Audit Risk Based Plan 2021-22
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 2021-22.
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.

Executive Summary:

- The progress made against the approved internal audit risk-based plan 2021-22 is detailed in Appendix A. It shows that 10 reviews have been finalised, 6 with an audit opinion whilst 2 reports have been issued in draft and 12 are on-going.

- Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment of the 6 completed audits to date, an audit opinion of substantial assurance has been given to 1 audit, an opinion of reasonable assurance to 4 completed audits whilst 1 audit has resulted in an audit opinion of limited assurance.

- 30 recommendations have been made to strengthen the control environment; 2 are categorised as high priority, 13 medium and 15 low priority. All recommendations will be monitored to ensure they are effectively implemented.

Recommendation

1. That members of the Committee note the content of the report and the progress made against the 2021-22 Internal Audit Annual Risk Based Plan.

Reason for Recommendation

1. To keep Governance and Audit Committee informed.

1. Background

1.1   In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which 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 2021-22 was submitted to the Governance and Audit Committee for consideration and approval on 20th July 2021. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an opinion at the end of 2021-22. The proposed plan continues to recognise particular risks arising from COVID-19, availability of audit and service staff and challenges arising from the remote ways of working. The plan is also flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

2. Key Issues for Consideration

2.1   Progress made against the approved plan for the period 1st April to 31st August 2021 is attached at Appendix A. This details the status of each planned review, the audit opinion and the number of any high, medium or low priority recommendations made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance and Governance and Audit Committee / Senior Leadership Team (SLT) reporting. This is because the audit work carried out in respect of these items is planned but the nature of the work does not lead to testing and the formation of an audit opinion.

2.2   Appendix A illustrates that as at 31st August 2021, 10 items of work have been completed of which 6 audits have resulted in an opinion being provided. A further 2 audits have been completed and draft reports issued; these are awaiting feedback from Service Departments. A total of 12 audits are currently

on-going with another 8 having been allocated to auditors and should be commencing shortly.

2.3 Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 1 completed audit and an opinion of reasonable assurance to 4 completed audits. The other completed audit review has been given an audit opinion of limited, that is only limited assurance can be placed on the current system of internal control. The explanation for this audit opinion is detailed as follows:

2.4 Tender Evaluation & Award - Building Services
The purpose of the audit was to provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Tender Evaluation & Award process within Building Services. The testing identified elements of good practice in one service area including the use of Sell2Wales for invitations to tender, good document management and correct approval. However, it was also identified that improvements are needed across the service to ensure that the Council and Officers are not open to challenge. Recommendations included providing training to staff on the procurement processes, that Finance, Procurement and Legal colleagues should be involved at certain stages of the process to provide advice, documentation should be checked to ensure consistency and be retained. All recommendations have been agreed and a further audit will be undertaken in due course to ensure that progress is being made.

2.5 Appendix A identifies that a total of 2 high priority, 13 medium priority and 15 low priority recommendations have been made to improve the control environment. The high priority recommendations were in respect of the limited opinion audit report and progress will be reviewed in the follow up audit. The implementation of the remaining recommendations will be monitored to ensure that progress is being made.

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

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

4.1 None as a direct consequence of this report.

Legal (Including Equalities)

4.2 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 2021 to 31st August 2021

Area	Audit Ojective, Scope / Risk	Status	Opinion			Recommendations		
			Substantial	Reasonable	Limited	High	Medium	Low
Carry Forward from 2020-21	Provision for those assignments which are still ongoing at the end of 2020-21.							
	Safeguarding	complete		√			2	3
	Tender Evaluation & Award - Building Services	complete			√	2	7	2
Closure of reports - 2020/21	To finalise all draft reports outstanding at the end of 2020-21.	complete						
Follow up Limited Assurance Reports	To ensure that all limited assurance reports are followed up in a timely manner							
	FOI System Follow Up	on-going						
	All Saints Primary Follow Up	allocated						
	Youth Services Follow Up	allocated						
	Direct Payments Follow Up	on-going						
Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with the service areas which have received these recommendations. During the year, Internal Audit will review the process to ensure recommendations are followed up and reported upon to Audit Committee in a timely, efficient and effective manner.	on-going						
Annual Governance Statement 2020-21	The completion of the Council's Annual Governance Statement included with the Draft Statement of Accounts 2020-21.	complete						
Annual Governance Statement 2021/22	To make preparations for the production of the AGS for 2021/22							
Safeguarding	This review will include an annual assessment of the Council's overall operating model for safeguarding; including reviewing the adequacy of assurances obtained by the Council in respect of safeguarding arrangements in place for vulnerable adults and children particularly having regard to the impact of COVID19.							
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.							
	BSSG 2020/21	complete		√			2	
	Illegal Money Lending 2020/21	complete	√					1
	Enable 19/20	on-going						
	Enable 20/21	on-going						
	Education Improvement Grant 2020/21	on-going						
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							
Remote Working	Remote working impact on governance and internal control arrangements using the feedback from the questionnaire							
Building Compliance	To provide assurance that schools and social care buildings are compliant with statutory safety guidelines	on-going						
Pool Cars	To identify if the current fleet of pool cars is still economically advantageous since the introduction of home working.							
Performance Management	To review the performance management arrangements paying particular attention to the accuracy of the PI information collected and reported							
General Data Protection Regulations (GDPR)	This audit will review whether the Council has an effective control framework in place for ensuring that personal information that is gathered is only used for the purpose for which it was originally intended.							
SRS Joint Service	To provide assurance to the SRS Board on the systems and processes in place in respect of the overall control environment including governance, risk management and internal control for the 2020/21 Financial Year.	complete		√			1	5
SRS Joint Service	Undertake a service specific compliance review - area to be confirmed							
Contract Monitoring - Building Services	To provide assurance that during negotiation and settlement of disputes there is adherence to Council's policies and procedure including CPR and PCoP.	draft issued						
Tender Evaluation & Award - Neighbourhood Services & Transport	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.	draft issued						

Area	Audit Ojective, Scope / Risk	Status	Opinion			Recommendations	
Pothole Repairs	To ensure that the controls surrounding the pot holes repair processes are operating satisfactorily and are in compliance with the Council's Financial & Contract Procedure Rules. Review the effectiveness and efficiency of the contracts to ensure the Council is achieving value for money						
Waste	To ensure that any external funding is being spent in compliance to the specific criteria as well as in compliance with the Council's Financial & Contract Procedure Rules and PCop						
Housing	To provide assurance on the control environment of the rent setting and collection processes						
Housing Repairs	To review the systems and processes in operation surrounding Building Services responsive repairs to provide assurance on the adequacy of the control environment.						
Homelessness	To undertake any specific work identified as a result of the homelessness review being undertaken by the Scrutiny task & finish group						
Civil Enforcement	Compliance to Council's policies and procedures						
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.						
School CRSA	To undertake the annual controlled risk self – assessment for schools. The aim of the process is to enable Head Teachers to review their internal controls and to ensure that they undertake and comply with the requirements of current legislation						
Catering Company	To provide assurances on the operation of the Catering Company.						
School Admissions	To ensure all processes and procedures are in place and operating effectively						
Electronic Devices	To review the control and distribution arrangements of ICT equipment to schools.						
Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year may differ, with each audit having varying amounts of system review, testing or a combination of the two. This approach enables us to deliver a more cost-effective service, whilst providing sufficient assurance as to the adequacy of the Council's material system control environment.						
	Cashiers	allocated					
	Revenues & Benefits - Appeals, Complaints & Performance	allocated					
Capital Programme & Project Management	A review of this area will be undertaken to provide assurance that the Capital Programme remains on track and that slippage is accounted for, reported and regularly monitored.						
Early Retirement / Redundancy	Provide ensure transparency and assurance that Council's policies are adhered to						
Payroll	overtime, honorarium, enhancements etc						
DBS	To provide assurance that DBS checks are in place for all posts that have been identified as requiring one	on-going					
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	ICT systems reviews will be undertaken across Directorates ICT systems to ensure robust controls are evident and operating effectively.						
Cyber Security	To provide assurance of the measures in place to mitigate the risk of cyber fraud	allocated					
Oracle	To ensure that changes made to processes as the result of the implementation of the new cloud based system are effective and efficient						
Procurement	Review current processes and practices to ensure that they are reasonable, effective and efficient in the current economic landscape identifying any best practice across the other Authorities within the Regional Service, including the review of FPN's.						
Insurance	To provide assurance that the service is operating efficiently and effectively						
Disabled Facilities Grants	To review the process and payments in regard to grants paid to applicants	on-going					
Planning	To provide assurance on the control environment in respect of processes, decision making and fees and charges	allocated					
Building Control	To provide assurance on the control environment in respect of processes, decision making and fees and charges	allocated					
Property Services	To review the process and procedures in place in respect of commercial and consultancy Services provided						
Adoption Service	A compliance review to complete the Annual Accounting Statement	complete		√			1	4

Area	Audit Ojective, Scope / Risk	Status	Opinion			Recommendations		
Regional Emergency Duty Team	To review the governance arrangements in place to ensure the Council is correctly represented. Collaborative work with Cardiff Council.							
Support for Carers	Carers' Assessments & Payments							
WCCIS	Ensure robust controls are in place and operating effectively							
Childrens Services	Review the process, system and recording in place at the point of initial contact. Approach from a system point of view – initial contact to assessment.							
Governance & Audit Committee / Member and SLT Reporting	This allocation covers Member reporting procedures, mainly to the Governance & Audit Committee, plan formulation and monitoring, and regular reporting to, and meeting with, the Section 151 Officer, SLT and the RIAS Board.							
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 2021, 45 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 - 19 waivers have been agreed.						
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							
External Audit Liaison	To ensure that a "managed audit" approach is followed in relation to the provision of internal and external audit services.	on-going						
Annual Opinion Report	To prepare and issue the Head of Audit's Annual Opinion Report 2020/21.	complete						
	Preparation for the production of the 2021/22 Annual Opinion Report							
Audit Planning	To prepare and present the annual risk based audit plan for 2021/22.	complete						
	To prepare and present the annual risk based audit plan for 2022/23.							
Compliance with PSIAS	Review compliance with the Public Sector Internal Audit Standards.							
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.	on-going						
Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.							
Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.							
Emerging Risks / unplanned	To enable Audit Services to flexibly respond to provide assurance activity as required.							
	Overall Totals		1	4	1	2	13	15