

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 18 September 2023</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Progress Against the Internal Audit Risk Based Plan 2023-24
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 2023-24
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><b>Executive Summary:</b></p> <ul style="list-style-type: none"> <li>• The progress made against the approved internal audit risk-based plan 2023-24 for the period 1st April 2023 to 30th August 2023 is detailed in Appendix A. It shows that 14 of 61 planned audit reviews have been completed to date which equates to a completion rate 23%. The Regional Internal Audit Service has set a target of 30% completion by the end of quarter 2.</li> <li>• Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment, audit opinions have been given to 11 of the 14 completed audits. 9 audits have been given Substantial or Reasonable assurance and 2 audits have been given Limited assurance, shown in Appendix A. The identified risks found in the 2 Limited assurance audits are service specific and detailed within this report.</li> <li>• Included within this year's plan are 21 audits that were not undertaken or completed in 2022-23. Appendix B shows the status of these audits, which includes 6 of the 21 audits now completed, 5 are in progress.</li> <li>• A total of 31 recommendations have been made to date to improve the control environment. The progress being made in implementing these is regularly monitored by the Auditors and reported to this Committee.</li> </ul>	

## **Recommendations**

1. That members of the Committee note the content of the report and the progress made against the 2023-24 Internal Audit Annual Risk Based Plan

## **Reasons for Recommendations**

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 considers 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, programmes, 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 2023-24 was submitted to the Governance and Audit Committee for consideration and approval on 12th June 2023. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an overall opinion at the end of 2023-24.
- 1.3 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 2023 to 30th August 2023 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 / Strategic Leadership Team (SLT) reporting / Fraud, Error, Irregularity. 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, although in some instances recommendations are made.

**2.2** The Regional Internal Audit Service (RIAS) has set quarterly targets to monitor the delivery of the approved audit plan. This will assist in ensuring sufficient audit coverage has been given to the Council in order to provide an overall opinion at the end of 2023-24. The targets that the RIAS are working towards at the end of each quarter are as follows:

- Qtr 1 = 10%
- Qtr 2 = 30%
- Qtr 3 = 50%
- Qtr 4 = 80%

**2.3** The level of coverage is 23% as at 30<sup>th</sup> August 2023 with a summary of the progress made to date shown in Table 1 below. Details of individual audit assignments are shown in Appendix A.

**Table 1 – Summary of the Progress Against the Audit Plan 2023-24**

Status of Audits Assignments	Number	% of plan completed
Final report issued	11	18%
Draft report issued	3	5%
Audits in progress	17	
Audits allocated and due to start in this quarter	8	
Planned Audits not started	22	
<b>Total</b>	<b>61</b>	<b>23%</b>

**2.4** An audit opinion is applied to an audit based on the assessment of the strengths and weaknesses of the areas examined during the audit through testing of the effectiveness of the internal control environment. Table 2 shows the audit opinions given as of 30<sup>th</sup> August 2023. Details of individual audit assignments are shown in Appendix A.

**Table 2 – Audit Opinions Applied to Audits as of 30<sup>th</sup> August 2023**

Audit Opinion	Number
Substantial Assurance	2
Reasonable Assurance	7
Limited Assurance	2
No Assurance	0
<b>Total</b>	<b>11</b>

**2.5** For reference, the audit assurance/opinion categories are:

AUDIT ASSURANCE CATEGORY CODE	
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently

AUDIT ASSURANCE CATEGORY CODE	
	applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

2.6 Table 2 identifies 2 audits that have been given a **Limited** assurance opinion; the identified risks are detailed below.

#### **Payment Card Industries – Data Security Standards (PCI-DSS)**

As a PCI-DSS level 3 merchant, the Council needs to complete an annual Self-Assessment Questionnaire for compliance purposes. It was identified that this and the accompanying Attestation of Compliance for PCI-DSS had not been completed. Whilst the Council implemented the Pay360 upgrade in C1V and Exchequer Services in April 2023 and compliance was gained, there are other areas throughout the Council that still need to be addressed to ensure full compliance. In addition, the Council should request quarterly external network vulnerability scans from the Pay 360 provider.

#### **Appointee & Deputy Services**

Appointee and Deputy services are provided for people who are unable to manage their own benefits or finances due to a lack of capacity. The audit found that there were no policies and procedures in place for the management of these accounts and as a result it was unclear who the decision maker was or should be. In addition, there were several open, deceased client, appointee accounts of significant value and these should be closed with the balances returned to the legal owners.

2.7 The audit plan 2023-24 at Appendix A includes audits that were not started during 2022-23 or were incomplete at year end. There are 21 of these which are detailed at **Appendix B**. Table 3 below provides a summary of the status of these 21 audits as at 30<sup>th</sup> August 2023.

**Table 3 – Status of Audits Carried Forward into the Audit Plan 2023-24 as at 30<sup>th</sup> August 2023**

Status of Audits Assignments	Number	% Complete
Final report issued	5	24%
Draft report issued	1	5%
Audits in progress	5	24%
Audits allocated and due to start in quarter 2	3	
Planned Audits not started	7	
<b>Total</b>	<b>21</b>	<b>53%</b>

**2.8** Appendix A shows a total of 31 recommendations have been made to date to improve the control environment: 3 high priority, 10 medium priority and 18 low priority. The implementation of these recommendations are regularly monitored by the Auditors to ensure that the identified and agreed improvements are being made. More detailed information is included in a separate report to this Committee.

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

**3.1** The well-being goals identified in the Wellbeing and Future Generations Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

### **4. Climate Change and Nature Implications**

**4.1** None as a consequence of this report

### **5. Resources and Legal Considerations**

#### **Financial**

**5.1** 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 and that there is sound financial management across all services.

## **Employment**

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

## **Legal (Including Equalities)**

**5.3** 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.

## **6. Background Papers**

None

## Vale of Glamorgan - Internal Audit Plan - Progress 1st April 2023 to 30th August 2023

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
Cross Cutting	Follow up Reports	To provide assurance that service areas where limited assurance opinions were provided are followed up in a timely manner							
Cross Cutting	Annual Governance Statement	The completion of the Council's Annual Governance Statement, submission to Governance and Audit Committee and included with the Draft Statement of Accounts 2022/23 (including the Governance Assurance Statements from Corporate Officers and Senior Management).	draft issued						
Cross Cutting	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 across the Council.	allocated						
Cross Cutting	Corporate Risk Management	A review of a sample of corporate risks to identify if they are being appropriately managed and progress is being reported accurately.	allocated						
Cross Cutting	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 Services Support Grant 2022/23	final issued		√		0	1	0
		Illegal Money Lending Grant 2022/23	final issued	√			0	0	1
		Regional Consortia School Improvement Grant 2022/23	in progress						
Cross Cutting	Project & Programme Management	To review the structure and governance arrangements of the various Boards operating within the Council							
Cross Cutting	Information Governance	To provide assurance that identified strategic actions within the Information Governance baseline assessment are being effectively managed and are being delivered to plan .							
		Data Security Policies Review	allocated						
Cross Cutting	Mobile Devices	To review the management of mobile devices from an assurance perspective, including reference to the MS365 Telephony project and the move to hybrid working	allocated						
Cross Cutting	Speak Out	To provide assurance that the speak out process is robust and effective in respect of the recording, allocation, completion and reporting of referrals and that any Whistleblowing referrals received are reported correctly.							
Cross Cutting	Fees & Charges	To review the process Council wide to include bookings, payments in advance, use of online payment facilities and the ability to take payments electronically whether online or in person.							
Cross Cutting	Welsh Language Standards	To provide assurance that the Council is compliant to the Welsh Language Standards	in progress						
Cross Cutting	Complaints and Compliments	To provide assurance that the policy and procedures are being adhered to, performance is monitored and reported data is accurate	in progress						
Cross Cutting	Regulatory Body Recommendation Tracking	To undertake a walkthrough test to provide assurance that recommendations made are accurately recorded and addressed.	in progress						
Cross Cutting	Security & Access to Council Buildings	To undertake a review of the Council's arrangements for the security and access to Council buildings and provide assurance that robust controls are in place	allocated						
Cross Cutting	Single Adaptation Team	To review the processes in place within this newly created team having particular regard to the means testing process							
Environment & Housing	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 2022-23 Financial Year.	final issued		√		0	1	6

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
Environment & Housing	SRS Joint Service - Income	To provide assurance that the processes in place to collect income within the SRS service are effective and efficient							
Environment & Housing	SRS Joint Service - Food Hygiene	To provide assurance that processes and procedures are in place and effectively being implemented to ensure that at least the minimum Food Safety Authority standards are being met.	in progress						
Environment & Housing	Recycling & Waste Management	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Recycling and Waste Management.	in progress						
Environment & Housing	School Transport	To provide assurance that procurement and contract monitoring is in adherence to Council policies and procedures to ensure the delivery of the agreed service within the agreed contract price.							
Environment & Housing	Leisure Centres	Review the performance measures in place and verify the data and calculations used and examine the scrutiny and challenge that is provided having regard to the Audit Wales work around the Sustainable Development Principle.	in progress						
Environment & Housing	Cleaning & Security Services	Provide assurance that the services provided are in compliance with service level agreements in place							
Environment & Housing	Housing Rents	To provide assurance on the control environment of the rent setting and collection processes	final issued		v		0	1	3
Environment & Housing	Temporary Housing Solutions	Examine compliance with this statutory duty, review process for availability, processing and prioritising cases to provide assurance that systems are efficient and effective.	in progress						
Learning & Skills	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.							
		Stanwell School Capital Project Stanwell School	in progress allocated						
Learning & Skills	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							
Learning & Skills	Libraries	To provide assurance that appropriate controls are in place in respect of digital equipment	in progress						
Corporate Resources	Local Authority Trading Company	To provide assurances on the governance and operation of the Council's LATC.							
Corporate Resources	Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year may differ.							
		Debtors	allocated						
		Housing Benefits Overpayments & Recovery	final issued		v		0	3	0
		Bottomline Payments	final issued		v		0	1	1
	Banking		in progress						
Corporate Resources	Oracle Fusion	To ensure that changes made to processes as the result of the implementation of the new cloud based system are effective and efficient	final issued		v		1	1	4
Corporate Resources	Financial Management Code	To provide assurance that the information presented is accurate							
Corporate Resources	Capital Programme	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.							
Corporate Resources	Budget Savings	To identify and review the systems in place to monitor the high level of savings identified							
Corporate Resources	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.	draft issued			v			



Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
Corporate Resources	Payroll	To provide assurance that the processes are in place in the new Oracle Fusion solution are operating effectively and efficiently.							
Corporate Resources	Scheme of Delegations	To provide assurance that the scheme of delegation is complied with having particular regard to contract approval, orders and expenditure and write offs.							
Corporate Resources	Officer Code of Conduct	Review the processes in place and provide assurance that Officers are complying to the Council's Code of Conduct	in progress						
Corporate Resources	ICT Audits	ICT systems reviews will be undertaken across Directorates ICT systems to ensure robust controls are evident and operating effectively.							
		File Systems & Folder Access	final issued		v		0	1	0
		Content Manager	in progress						
Corporate Resources	Cyber Security	Undertake testing to ensure that staff are aware of requirements to protect devices, services and networks and the information on them from theft or damage via electronic means and staff are aware of what to do if there is a concern or breach. Ensure this information is monitored and reported consistently across the Council							
Corporate Resources	Procurement	Review current processes and practices to ensure that they are reasonable, effective and efficient in the current economic landscape and compliant to the Council's contract procedure rules and any grant conditions where relevant.							
Corporate Resources	Property Services	To review the process and procedures in place in respect of commercial and consultancy Services provided	allocated						
Place	Shared Prosperity Funding	Review the process in place for receiving funding, funding and expenditure approval etc. to provide assurance that the systems are robust and efficient.	in progress						
Place	Project Management	To undertake a review of the governance and decision making around Major Projects. Particular emphasis will be placed on compliance to the Council's Rules and Regulations and Project Management Methodology associated with high risk contracts.	in progress						
Place	Car Park Income	To provide assurance that all income is being effectively collected and accounted for	in progress						
Place	Filming Income	To provide assurance that there is a standard approach across the Council in respect of fees charged, waivers of fees being granted where beneficial and appropriate and staff time is charged correctly.							
Social Services	Adoption Service	A compliance review to complete the Annual Accounting Statement	final issued	v			0	0	2
Social Services	Deputy & Appointee Services	To ensure that the systems and controls surrounding the management of Appointeeship and Deputyships accounts are robust and that they are operated in line with regulations/guidance/policy in order to protect the individual and Council.	final issued			v	2	1	1
Social Services	Section 117	To seek assurance that processes are adhered to and people are supported with after care following Mental health involvement.							
Social Services	Family Information Service	To provide assurance that the Childcare Offer for Wales scheme has been correctly administered and identify any lessons to be learnt							
Social Services	Financial Assessments	in relation to third party/top up payments for care placements to ensure consistency and application.	in progress						
Social Services	Regional Emergency Duty Team	To review the governance arrangements in place to ensure the Council is correctly represented in regard to the Regional Emergency Duty Team							
Social Services	Adult Social Care	To provide assurance that adequate controls are in place to mitigate identified risks within a selected service area.							

Directorate	Area	Audit Scope / Risk	Status	Opinion			Recommendations				
				Substantial	Reasonable	Limited	High	Medium	Low		
Internal Audit	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.									
Internal Audit	Compliance – expenses / mileage claims	Review of expenses / mileage claims submitted which are over three months old. Ongoing throughout the year.									
Internal Audit	Waiver Requests	To challenge the use of exemptions to both Contract and Finance Procedure Rules via the waiver procedure. Challenge provided throughout the year.									
Internal Audit	Meetings, Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority.									
Internal Audit	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									
Internal Audit	External Audit Liaison	To ensure that a “managed audit” approach is followed in relation to the provision of internal and external audit services.									
Internal Audit	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with the service areas which have received these recommendations.									
Internal Audit	Annual Opinion Report	To prepare and issue the Head of Audit’s Annual Opinion Report 2022/23 and start preparation for 2023/24 report.									
Internal Audit	Audit Planning	To prepare and monitor the annual risk based audit plan for 2023/24 and commence preparation for 2024/25 plan									
Internal Audit	Audit Charter / Manual	To review and update the documents as required									
Internal Audit	Compliance with PSIAS	Review compliance with the Public Sector Internal Audit Standards.									
Internal Audit	Closure of reports - 2022/23	To finalise all draft reports outstanding at the end of 2022-23.									
Internal Audit	Emerging Risks / unplanned	To enable Audit Services to flexibly respond to provide assurance activity as required.									
Cross Cutting	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.									
Cross Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.									
		YYD - Possible Theft	final issued								
		Fraudulent Change in Supplier Bank Details	draft issued								
Cross Cutting	Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.									
		<b>OVERALL TOTALS</b>				<b>2</b>	<b>7</b>	<b>2</b>	<b>3</b>	<b>10</b>	<b>18</b>

## Vale of Glamorgan Council - Audits Carried Forward from 2022-23

Directorate	Area	Audit Scope / Risk	Status
Cross Cutting	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 across the Council.	allocated
Cross Cutting	Project & Programme Management	To review the structure and governance arrangements of the various Boards operating within the Council	
Environment & Housing	SRS Joint Service - Food Hygiene	To provide assurance that processes and procedures are in place and effectively being implemented to ensure that at least the minimum Food Safety Authority standards are being met.	in progress
Environment & Housing	Recycling & Waste Management	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Recycling and Waste Management.	in progress
Environment & Housing	Housing Rents	To provide assurance on the control environment of the rent setting and collection processes	final issued
Environment & Housing	Temporary Housing Solutions	Examine compliance with this statutory duty, review process for availability, processing and prioritising cases to provide assurance that systems are efficient and effective.	in progress
Corporate Resources	Material Systems – Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year may differ.	
		Debtors	allocated
		Housing Benefits Overpayments & Recovery	final issued
		Bottomline Payments	final issued
Corporate Resources	Capital Programme	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.	
Corporate Resources	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.	draft issued
Corporate Resources	Payroll	To provide assurance that the processes are in place in the new Oracle Fusion solution are operating effectively and efficiently.	
Corporate Resources	Scheme of Delegations	To provide assurance that the scheme of delegation is complied with having particular regard to contract approval, orders and expenditure and write offs.	
Corporate Resources	ICT Audits	ICT systems reviews will be undertaken across Directorates ICT systems to ensure robust controls are evident and operating effectively.	
		File Systems & Folder Access	final issued
		Content Manager	in progress
Corporate Resources	Procurement	Review current processes and practices to ensure that they are reasonable, effective and efficient in the current economic landscape and compliant to the Council's contract procedure rules and any grant conditions where relevant.	
Corporate Resources	Property Services	To review the process and procedures in place in respect of commercial and consultancy Services provided	allocated
Place	Shared Prosperity Funding	Review the process in place for receiving funding, funding and expenditure approval etc. to provide assurance that the systems are robust and efficient.	in progress
Social Services	Deputyships & Appointeeships	To ensure that the systems and controls surrounding the management of Appointeeship and Deputyships accounts are robust and that they are operated in line with regulations/guidance/policy in order to protect the individual and Council.	final issued
Social Services	Section 117	To seek assurance that processes are adhered to and people are supported with after care following Mental health involvement.	
Social Services	Family Information Service	To provide assurance that the Childcare Offer for Wales scheme has been correctly administered and identify any lessons to be learnt	
		<b>OVERALL TOTALS</b>	