



## Report of the Chief Auditor

Governance & Audit Committee – 28 February 2024

### Internal Audit Monitoring Report Quarter 3 – 2023/24

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October 2023 to 31 December 2023.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation:</b>	It is recommended that the contents of the report be discussed and noted.
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<b>Access to Services Officer:</b>	Rhian Millar

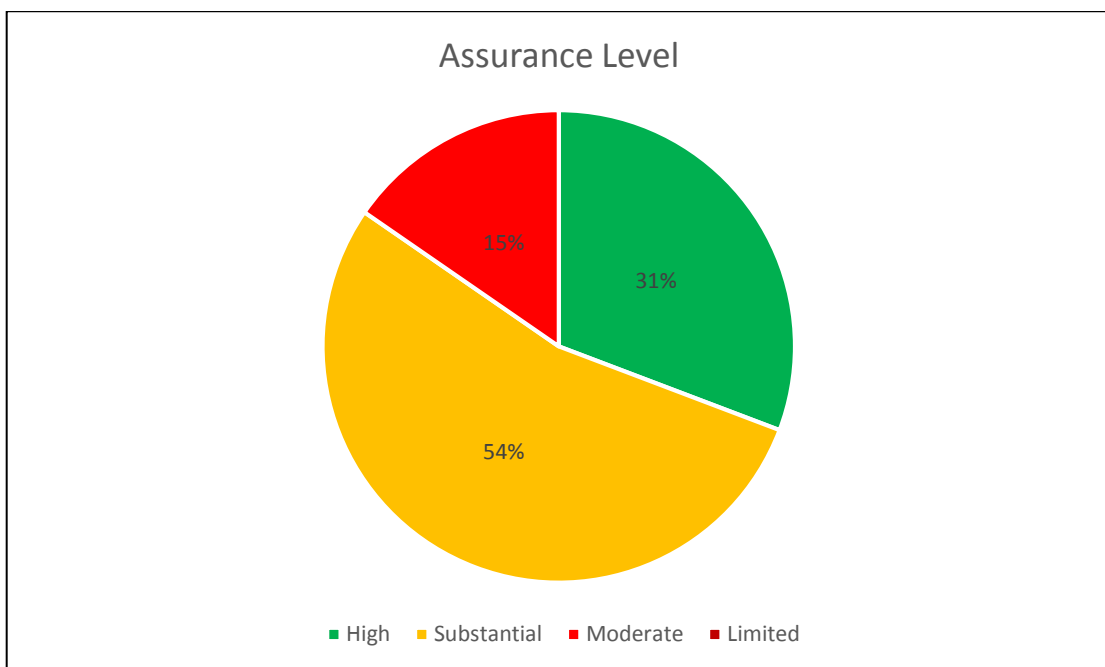
#### 1. Introduction

- 1.1 The Internal Audit Annual Plan 2023/24 was approved by the Governance & Audit Committee on 12 April 2023. This is the third quarterly monitoring report to be presented to allow the Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.
- 1.2 This report shows the audits finalised in the period 1 October 2023 to 31 December 2023.

## 2. Audits Finalised 1 October 2023 to 31 December 2023

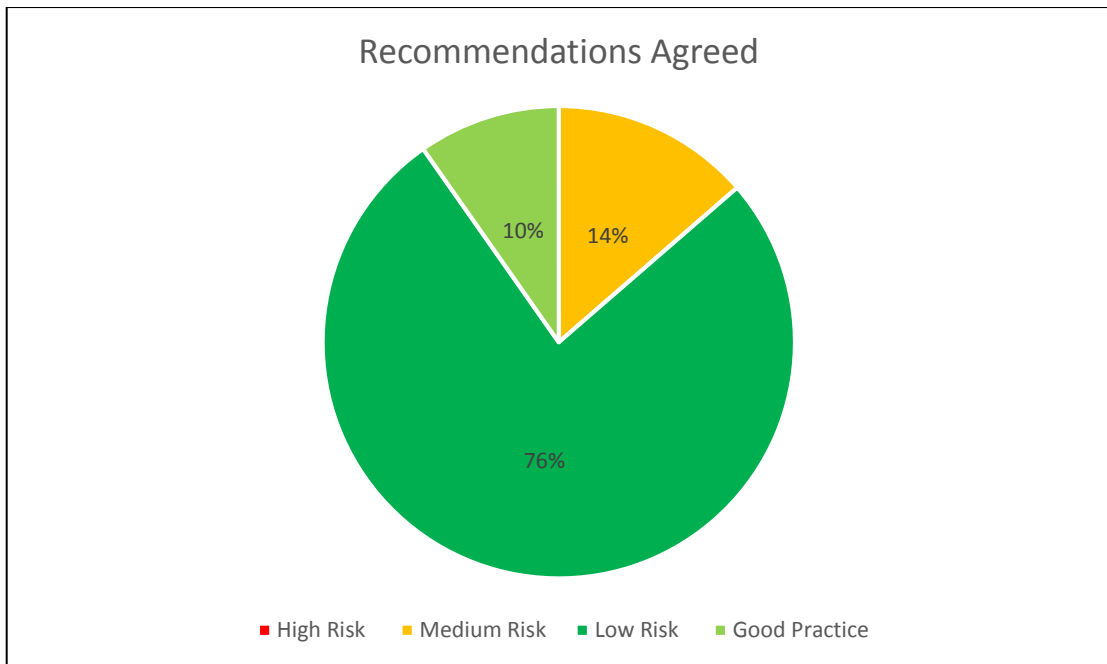
- 2.1 A total of 13 audits were finalised during the quarter. The audits finalised are listed in Appendix 1 which also shows the level of assurance awarded at the end of the audit and the number of recommendations made and agreed. Appendix 2 provides a summary of the scope of the reviews finalised during the period.
- 2.2 An analysis of the assurance levels of the audits finalised is shown in the following table and chart:

Assurance Level	High	Substantial	Moderate	Limited	Total
Number	4	7	2	0	13



- 2.3 A total of 154 audit recommendations were made and management agreed to implement all of the recommendations made. i.e., 100% of the recommendations made were accepted against a target of 95%.
- 2.4 All recommendations made are classified as High Risk, Medium Risk, Low Risk or Good Practice. An analysis of the recommendations agreed during the quarter is shown in the following table and chart:

Risk Level	High Risk	Medium Risk	Low Risk	Good Practice	Total
Number	0	21	118	15	154



- 2.5 The Audit Plan is a 'living' document which is likely to change during the year due to emerging risks or new priorities. However, it is important that the Committee can monitor progress against the plan approved at the start of the year. To achieve this, Appendix 3 shows each audit included in the Plan approved by Committee on the 12 April 2023 and identifies the position of each audit on 31 December 2023.
- 2.6 Staff sickness in the Internal Audit Team has continued to be significant during the third quarter, with a total of 34 days sickness absence recorded. Cumulative sickness absence to the end of quarter three totalled 138 days. At the time of compiling this report, one member of staff remains absent due to long-term sickness and they continue to be supported by Human Resources.
- 2.7 As noted in the previous monitoring report, one further part-time member of staff that had been absent due to long-term sickness for over a year left the council in late September. The part-time post was advertised in October but unfortunately the recruitment campaign was unsuccessful. As a result, a new full-time Trainee Auditor post has been created in the team and we hope to be able to commence recruitment for this post imminently. As a result of the vacancies noted above, 30 days were lost in quarter three, with a cumulative total of 92 days being lost in the year to date due to vacant posts. Further days will also be lost due to the vacant post in quarter four.
- 2.8 The Internal Audit Annual Plan for 2023/24 contains 116 separate audit activities. As at 31 December 2023, 54 audit activities (46%) had been completed, with one additional activity (1%) substantially complete with the audit report issued as draft. As a result, 55 audit activities have been completed to at least draft report stage (47%). An additional 30 activities were in progress at the end of the quarter (26%). As a result,

approximately 73% of the audit activities included in the 2023/24 Audit Plan had either completed or were in progress. A copy of the plan showing the status of the activities as at the 31 December 2023 can be found in Appendix 3.

- 2.9 Two audit reports issued with Moderate assurance level were issued in the quarter as noted in paragraph 2.2 above and as shown in appendix 1 and 2. The two audits that received audit reports with a moderate level of assurance were Crwys Primary School and Trading Standards Division.
- 2.10 Follow-up audits have been scheduled to revisit Crwys Primary School in quarter four 2023/24 and Trading Standards in quarter one 2024/25 to review the progress that has been made in implementing the recommendations made. The results of the follow-up audits will be reported back to the committee in a future monitoring report.

### **3 Changes to the reporting of Moderate Audit Reports**

- 3.1 In an attempt to make the volume of material presented to the Governance and Audit Committee more manageable and focused, the Chief Auditor in consultation with the Corporate Management Team proposes amendments to the way information relating to moderate assurance audit reports is presented to the committee.
- 3.2 The previous process is summarised below:
  - i) A summary of the issues resulting in High and Medium risk recommendations was included in the quarterly internal audit monitoring reports.
  - ii) Representatives from the service area were required to attend the committee and present an update report outlining progress made in addressing the recommendations. Note that in most cases, the update reports presented a positive outcome with appropriate action being taken and no further intervention or oversight being required by the committee.
  - iii) Internal Audit undertake a full follow-up review within 3-6 months of the audit and report the findings back to the committee via the quarterly monitoring reports.
- 3.3 The proposed new process is summarised below:
  - i) Committee are made aware when a moderate audit report has been issued via the quarterly monitoring reports and will be informed of the scheduled date that the follow-up review is due to be undertaken.
  - ii) Representatives from the service area will not be required to attend the committee meeting and no update report will be required from the service.
  - iii) Internal Audit undertake a full follow-up review within 3-6 months of the audit and report the findings back to the committee via the quarterly monitoring reports.
  - iv) If the follow-up review concludes that insufficient action has been taken to address the issues identified and testing concludes that a number of

recommendations have not been implemented, then the service will be required to prepare an update report for presentation at the committee.

- 3.4 Exceptions to the above revised process could be any moderate reports issued where the Chief Auditor is of the opinion that any issues or risks identified are broad and significant enough to warrant early committee oversight and intervention. Examples could include any Fundamental Audits that receive a moderate assurance rating or any audits that have a wider remit across the Council such as reviews relating to Procurement, Freedom of Information etc.
- 3.5 The introduction of the new process should:
- i) Ensure the committee focuses on areas where recommendations are not being addressed and action is not being taken, to ensure those service areas are being held to account.
  - ii) Reduce demand on services areas that are already acting on the recommendations made in audit reports.
  - iii) Assist in making the committee agenda packs more manageable and meaningful.
  - iv) Ensure committee oversight of broader risks and council wide issues is maintained.

#### **4 Additional work undertaken by Internal Audit in the Quarter**

- 4.1 The Internal Audit Team also certified the following grants as required by the terms and conditions of the grant issued by the Welsh Government.

<b>Grant</b>	<b>Amount</b>
Regional Consortia School Improvement Grant (RCSIG) 2022/23	£8,467,231
Pupil Development Grant 2022/23	£9,690,092

- 4.2 The Fundamental Audit Recommendation Tracker exercise was also completed as reported the Governance and Audit Committee in January.
- 4.3 The team also commenced the annual consultation exercise with all Heads of Service across the Council to help inform the Audit Plan for 2024/25.

#### **5. Follow-Up of Audits with Moderate Assurance Levels Completed 1 October to 31 December 2023**

- 5.1 The follow-up procedures operated by the Internal Audit Team include revisiting any routine audits which received a Moderate or Limited level of assurance to confirm and test that action has been taken by management to implement the recommendations made in the original audit.
- 5.2 The follow-up audit is usually within six months of the final report being issued and includes testing to ensure that any High or Medium Risk recommendations have been implemented. Where agreed

recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Director of Finance & Section 151 Officer.

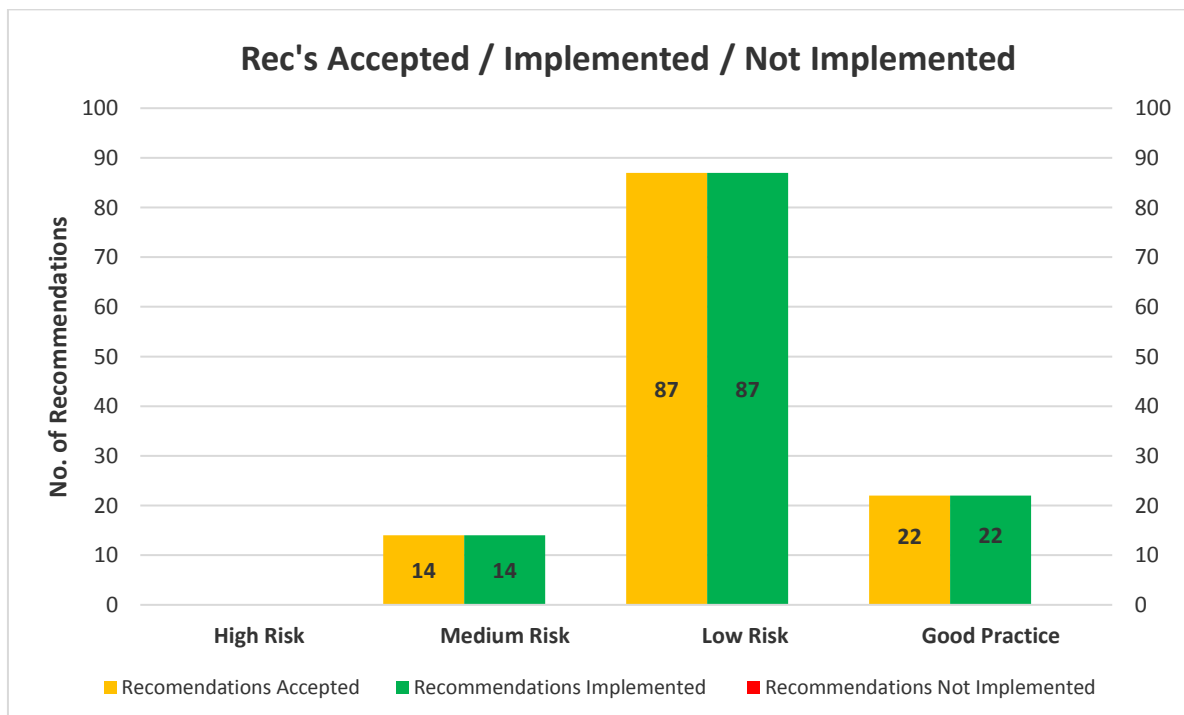
5.3 No audits with a Moderate assurance level were followed-up in the quarter.

## 6 Follow-Up of Audits with High and Substantial Assurance Levels Completed 1 October to 31 December 2023

6.1 Where an audit has been awarded a 'High' or 'Substantial' level of assurance, the relevant Service is asked to confirm the implementation of the recommendations.

6.2 The results of the follow-ups for audits with 'High' or 'Substantial' assurance levels undertaken in quarter two can be found in Appendix 4. Further detail on the recommendations that have not been implemented can be found in Appendix 5. A summary of the results can be found in the table and corresponding chart below.

Recommendation Status	Recommendation Risk Rating			
	High Risk	Medium Risk	Low Risk	Good Practice
Accepted	0	14	87	22
Implemented	0	14	87	22
Not Implemented	0	0	0	0



## **7 Integrated Assessment Implications**

7.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

7.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

7.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

7.4 The completion of the Integrated Impact Assessment Screening revealed that:

- The Quarterly Internal Audit Monitoring Report has a low positive impact across all groups.
- It has been subject to consultation with the Director of Finance & S151 Officer, Legal and Access to Services.
- All Well-being of Future Generations Act considerations are positive and any risks identified are low.
- The overall impact of the Quarterly Internal Audit Report is positive as it will support the Authority in its requirement to protect public funds.

## **8. Financial Implications**

8.1 There are no financial implications associated with this report.

## **9. Legal Implications**

9.1 There are no legal implications associated with this report.

**Background Papers:** Internal Audit Plan 2023/24

**Appendices:** Appendix 1 - Audits Finalised Q3 2023/24

Appendix 2 - Summary of Scope of Audits Finalised Q3 2023/24

Appendix 3 - Internal Audit Plan 2023/24 - Progress to 31/12/23

Appendix 4 - High/Substantial Audit Follow-Up Results Q3

Appendix 5 - Integrated Impact Assessment