



## Report of the Chief Auditor

Special Audit Committee – 16 September 2019

### Internal Audit Annual Plan 2019/20 Monitoring Report for the Period 1 April 2019 to 30 June 2019

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2019 to 30 June 2019.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report.
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<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Introduction

- 1.1 The Internal Audit Annual Plan 2019/20 was approved by the Audit Committee on 9<sup>th</sup> April 2019. This is the first quarterly monitoring report to be presented to Committee. Further reports will be presented throughout the year to allow 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 which were finalised in the period 1<sup>st</sup> April 2019 to 30<sup>th</sup> June 2019.

## 2. Audits Finalised 1 April 2019 to 30 June 2019

2.1 A total of 28 audits were finalised during the quarter. The audits finalised are listed in Appendix 1 which also shows the level of assurance given 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.

<b>Assurance Level</b>	<b>High</b>	<b>Substantial</b>	<b>Moderate</b>	<b>Limited</b>
Number	10	17	1	0

2.3 A total of 248 audit recommendations were made and management agreed to implement all of them, 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

<b>High Risk</b>	<b>Medium Risk</b>	<b>Low Risk</b>	<b>Good Practice</b>	<b>Total</b>
1	19	171	57	248

2.5 Following discussions at the last Welsh Chief Auditors Group Meeting in October 2018, it was decided that a new Performance Indicator (PI) should be introduced to record the number of recommendations that have been implemented as a percentage of the recommendations made. As committee were advised in December 2018, we have been working to introduce this additional PI from 2019/20. We are currently consulting with our audit management software provider to determine whether this functionality can be built into our existing management reports. In addition, from April we have also been working closely with the Assistant Auditor to hopefully ensure these figures can be reported to the committee in a separate report.

2.6 In addition, the Internal Audit Section also certified the following grants in the quarter as required by the terms and conditions of the grant issued by the Welsh Government.

Grant	Amount
Live Kilometre Support Grant 2018/19	n/a (claim process)
Communities for Work Plus Grant 2018/19	£983k
Legacy Fund Grant 2018/19	£537k
SPPG Regional Co-ordinator Grant 2018/19	£40k
SPPG Outcomes Grant 2018/19	n/a (No. of outcomes)

2.7 The Audit Plan is a 'living' document which is likely to change during the course of the year due to e.g. emerging risks or new priorities. However it is important that the Audit 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 in April 2019 and identifies the position of each audit as at 30<sup>th</sup> June 2019.

2.8 An analysis of the details in Appendix 3 shows that by the end of June 2019, 20% of the planned reviews had been completed to at least draft report stage, with an additional 34% of the planned audits in progress. As a result approximately 54% of the Audit Plan was either completed or in progress.

2.9 The Internal Audit Section was also involved in the following work during quarter 1:

- National Fraud Initiative 2018/19.
- Review of procurement activities at specific sites at the request of the Director of Place.

2.10 One moderate report was issued in the quarter. The following table provides brief details of the significant issues which led to the moderate rating.

2.11

Audit	Young People's Services 2019/20
<b>Objectives</b>	The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risk and are operating in practice. The audit reviewed the procedures in place and included detailed testing on the following areas: Expenditure, P-Card expenditure, Income, Inventory, Unofficial Funds, Employee related expenditure including travel and subsistence, Vehicles, Educational Visits, Personnel Records.
<b>Assurance Level</b>	Moderate
<b>Summary of Key Points</b>	

- Sample testing of payments made via Purchase Card revealed that a Dwr Cymru Welsh Water utility bill had been paid using the card, despite the fact the bill had already been paid via Oracle resulting in a duplicate payment. Purchase Cards should not be used to pay utility bills. (MR)
- A review of inventory records for the four sites revealed a number of issues, including:
  - No inventory records being kept for Evolve Central East.
  - Inadequate detail being recorded on the inventory on the other sites.
  - No inventory certificates being available for any of the sites.
  - No annual inventory check being completed at one site.
  - Inventory records were not being submitted to Central Support for compliance monitoring. (MR)
- The Unofficial Funds in use at each of the four sites were reviewed. No evidence was available to confirm that the funds had been audited. In addition, no reconciliations had been completed for any of the funds. (MR)
- A review of the personnel records for all staff from the Young Peoples Services revealed that three members of staff did not have a valid DBS in place. This was the one high risk recommendation. Of the three:
  - One application had not been completed. The DBS expiry date was 13.07.18.
  - One application had been completed but no document verification had taken place. The DBS expiry date was 24.07.18.
  - One employee was awaiting the results of the DBS check process, although it was noted that the previous DBS had expired on 01.08.17. (HR)

### **3. Follow Ups Completed 1 April 2019 to 30 June 2019**

- 3.1 The follow up procedures operated by the Internal Audit Section include visits to any non-fundamental audits which received a moderate or limited level of assurance to confirm and test that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 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 Chief Finance Officer (Section 151 Officer).
- 3.3 No follow-up reviews were completed during the quarter. Two reviews are due to be undertaken in quarter 2.

## **4 Equality and Engagement Implications**

4.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.
- 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

4.2 There are no equality and engagement implications associated with this report.

## **5. Financial Implications**

5.1 There are no financial implications associated with this report.

## **6. Legal Implications**

6.1 There are no legal implications associated with this report.

**Background Papers:** Internal Audit Plan 2019/20

**Appendices:** Appendix 1 Audits Finalised Q1 2019/20  
Appendix 2 Summary of Scope of Audits Finalised Q1 2019/20  
Appendix 3 Internal Audit Plan 2019/20 - Progress to 30/06/19