



Report of the Chief Auditor

Audit Committee – 20 October 2020

Internal Audit Annual Plan 2020/21 Monitoring Report for the Period 1 July 2020 to 30 September 2020

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 July 2020 to 30 September 2020.
Policy Framework:	None.
Consultation:	Legal, Finance, Access to Services.
Recommendation:	That the Audit Committee Members note the information contained in this report.
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Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Internal Audit Annual Plan 2020/21 was approved by the Audit Committee on 1st June 2020. This is the second 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 finalised in the period 1st July 2020 to 30th September 2020.

- 1.3 Committee should be made aware that throughout this period the Internal Audit Function and the wider Authority have been adapting to unprecedented challenges as a result of the Covid-19 pandemic, which has impacted every aspect of Council business and operations.
- 1.4 As reported in the Quarter 1 Monitoring Report, due to the Covid-19 pandemic access to all council sites was restricted. This had a significant impact on the Audit Team's ability to complete on-site testing. However, the Team continued to complete as much testing as possible remotely. At the time of compiling the Quarter 1 report we had hoped that the easing of restrictions would continue into Quarter 2 and 3 which would allow the Team to resume site visits. However, at the time of compiling this report, due to the second wave of Covid-19 infections, like the majority of South Wales, local lockdown restrictions have been reintroduced in Swansea. As such, this will mean the team is still unable to complete on-site testing until restrictions are lifted.

2. Audits Finalised 1 July 2020 to 30 September 2020

- 2.1 A total of 14 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.

Assurance Level	High	Substantial	Moderate	Limited
Number	10	4	0	0

- 2.3 A total of 67 audit recommendations were made and management agreed to implement all of the recommendations, 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

High Risk	Medium Risk	Low Risk	Good Practice	Total
0	6	39	22	67

- 2.5 The implementation status for those audits that have been subject to a standard follow-up in the quarter is reported separately in the Recommendation Follow-up Report. This includes all follow-ups completed, except for the fundamental audits as the outcome of these follow-up reviews is reported to committee via the Fundamental Audit Recommendation Tracker Report.

2.6 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
Children & Communities Grant	£11,242,418

2.7 The Principal Auditor also compiled the Schools Annual Report 2019/20 which was presented to the Audit Committee on the 8th September.

2.8 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 on the 1st June 2020 and identifies the position of each audit as at 30th September 2020.

2.9 As reported previously, due to the Covid-19 pandemic and as a result of the Council wide response to the advice issued by Central and Welsh Government, all Internal Audit staff have been working remotely from home since the end of March 2020. This continued to be the case throughout quarter 2 and due to the recent resurgence in Covid-19 cases the team will continue to work remotely for the foreseeable future.

2.10 It must be acknowledged that the measures introduced across the Council in response to the pandemic have inevitably had an impact on the team's ability to initiate and progress with audits, due to the effect such measures have had across client departments. For example, some sites have been closed completely, the majority of staff across the council have been working from home and client departments have been prioritising emergency responses to the pandemic to ensure key operations and services continue to be delivered.

2.11 This continues to have an impact on the team's ability to progress with business as usual and hence has had an impact on the amount of audit work that the team has been able to complete in the quarter. However, the team has continued to work hard to undertake as much audit work as possible remotely in these unprecedented circumstances.

2.12 Where we have been able to progress with audits we have found that it has taken longer than usual to complete some reviews due to the complexities of obtaining the information required remotely and due to the fact that the majority of the workforce across the Council has been working from home.

2.13 The team has also been heavily involved in assisting with the Councils Covid-19 response. One of the team continued to be seconded full time to the Food Bank initiative throughout the period, and we have also been

assisting with the checking of various support grant payments that have been managed by the Council. To the end of September, a total of 38 days has been spent on Covid-19 related support work, in addition to the 111 days attributable to the member of staff seconded to the food bank initiative. The team has also experienced some inevitable downtime due delayed responses from client department in relation to certain audits and the inability to effectively progress with audits as business as usual due to restricted access to council sites.

- 2.14 The team has also seen a significant rise in sickness absence in the quarter. Cumulative sickness equated to 76 days as at the end of September, with all of the absence accruing in quarter two. Note that thankfully none of this absence was Covid-19 related.
- 2.15 Due to the unprecedented circumstances that have arisen due to the Covid-19 pandemic and the resulting difficulties the team have experienced in progressing some of the planned audits, a larger number of audit reviews have been allocated to the team so as to allow greater flexibility. 14 final reports have been issued in the quarter.
- 2.16 As may be seen in Appendix 3, a number of audits are noted as being 'in progress' as the team has been encouraged to proactively complete as much of each review as possible remotely, minimising the impact on client departments over this difficult period whilst they are dealing with and adapting to Covid-19 related issues. As reported in the quarter one report, it was hoped that as restrictions were slowly being lifted the team would be able to resume Covid-safe site visits to complete outstanding testing for the ongoing reviews. Midway through the quarter the team proactively sought to book in site visits. However, due the recent up-tick in Covid-19 cases in Swansea, all booked site visits have since been put on hold in line with the re-imposed restrictions. We will continue to keep the situation under review and will continue to prioritise the safety and wellbeing of our staff and local communities.
- 2.17 An analysis of the details in Appendix 3 shows that by the end of September 2020, 23 audits from the 2020/21 audit plan had been completed to at least draft report stage (15%), with an additional 32 audits in progress (19%). As a result approximately 34% of the Audit Plan was either completed or in progress. In addition, to allow greater flexibility for the audit team an additional 48 audits (30%) have been allocated to staff to try and progress. As explained above, a significant number of audits are noted as being 'in progress', as present restrictions are impeding our ability to complete some areas of the audit programmes. We hope to be able to complete these areas once the recently renewed restrictions are lifted. For comparison purposes, the same figures as at the end of quarter two 2019/20 showed that 35% of the planned audits had been completed to at least draft stage.
- 2.18 Inevitably the Covid-19 pandemic is likely to have a detrimental impact on our ability to deliver the full audit plan for 2020/21. However, priority

will be given to the completion of the fundamental audits to ensure key systems are reviewed to provide appropriate assurance to the Section 151 Officer and the Audit Committee in these areas. Historically, the majority of the fundamental audits have been completed in the third and fourth quarters and it is envisaged that this will also be the case this year. The team remain committed to completing as much of the plan as possible and once again I would like to thank the team for their endeavours and hard work over this very challenging and difficult period.

- 2.19 It should also be noted that whilst we will aim to complete the audits of key systems as a priority, we will also target resources to ensure the highest risk audits are completed wherever possible. However, the team may be required to assist with reactive work as directed by the Chief Executive or the Corporate Management Team due to the unpredictable and unprecedented environment the Authority is currently operating in.
- 2.20 No moderate reports were issued in the quarter.

3. Follow Ups Completed 1 July 2020 to 30 September 2020

- 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 Two moderate audit reports were followed up in quarter two as detailed below:
- a) Concessionary Fares 2019/20
The follow up concluded that significant progress had been made, with all recommendations being fully implemented.
 - b) Fleet Maintenance 2019/20
The follow up concluded that good progress had been made, with only 6 of the 15 recommendations not being fully implemented. Two low risk recommendations and one high risk recommendation were noted as being partly implemented. Three additional low risk recommendations had not been implemented. As a result, we will be required to undertake a further follow up audit later in the year to confirm that all of the outstanding recommendations have been fully implemented.

It should also be noted that following attendance at the Audit Committee and at the request of the Chief Auditor and the Chair of the Audit Committee, the service has introduced a system of retrospective sample checks on the usage of parts and materials on completed jobs as a compensating control to strengthen procedures.

- 3.4 The second follow up of the Disclosure & Barring Service 2019/20 audit was underway at the time of compiling this report and the results will be reported to the Committee in due course.
- 3.5 Note that the audit report for Cwm Glas Primary School was also issued with a moderate assurance rating in quarter four. However, the report was issued in late March 2020 shortly before the schools in Swansea were forced to close due to the Covid-19 pandemic. Therefore, as updated in the last committee meeting, the school has not had an opportunity to address all of the issued identified in the report. Due to the ongoing challenges facing schools at present, the follow up of both Cwm Glas Primary and Pen y Bryn Special School are scheduled to be completed in quarter three.

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 2020/21

Appendices: Appendix 1 Audits Finalised Q2 2020/21

Appendix 2 Summary of Scope of Audits Finalised Q2 2020/21

Appendix 3 Internal Audit Plan 2020/21 - Progress to 30/09/20