



Report of the Chief Auditor

Governance and Audit Committee – 14 September 2021

Internal Audit Annual Plan 2021/22 Monitoring Report for the Period 1 April 2021 to 30 June 2021

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| Purpose: | This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2021 to 30 June 2021. |
| Policy Framework: | None. |
| Consultation: | Legal, Finance, Access to Services. |
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| Finance Officer: | Ben Smith |
| Legal Officer: | Debbie Smith |
| Access to Services Officer: | Rhian Millar |
| For Information | |

1. Introduction

- 1.1 The Internal Audit Annual Plan 2021/22 was approved by the Governance Audit Committee on 9th March 2021. This is the first 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 1st April 2021 to 30th June 2021.
- 1.3 The Committee should be made aware that throughout this period the Internal Audit Function and the wider Authority have continued to adapt

to the unprecedented challenges as a result of the Covid-19 pandemic, which continues to impact every aspect of Council business and operations.

- 1.4 As reported in previous monitoring reports, due to the Covid-19 pandemic access to most council sites continues to be restricted. This has continued to have an impact on the Audit Team’s ability to complete some on-site testing throughout the first quarter.

2. Audits Finalised 1 April 2021 to 30 June 2021

- 2.1 A total of 21 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 | 12 | 9 | 0 | 0 |

- 2.3 A total of 109 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 | 13 | 62 | 34 | 109 |

- 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 grant in the quarter as required by the terms and conditions of the grant issued by the Welsh Government.

| Grant | Amount |
|---|------------|
| Housing Support Grant 2020/21 (prev. SPPG Regional Development Coordinator Grant) | £44,497.00 |

- 2.7 Additional work also undertaken by the team in the quarter included:
- i) Completion of the Schools Annual Report 2020/21 as presented to the Governance and Audit Committee on the 13th July.
 - ii) Continuation of checks and support in relation to the various Covid-19 support grants across the Council.
 - iii) Ongoing work in relation to the NFI 2020 exercise.
- 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 Governance and 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 9th March 2021 and identifies the position of each audit as at 30th June 2021.
- 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 the quarter.
- 2.10 It must continue to be acknowledged that the measures introduced across the Council in response to the pandemic continues to have an impact on the team's ability to initiate and progress with some audits, due to the effect such measures have had across client departments.
- 2.11 However, with the success of the Covid-19 vaccination programme and with the easing of some restrictions over the quarter, the audit team have been able to successfully undertake a number of site visits to complete on site testing where this has been deemed essential to the completion of the audit. Ongoing conditions continue to have an impact on the team's ability to progress with business as usual in some instances and the team has continued to work hard to undertake audit work remotely in the first instance.
- 2.12 An analysis of the details in Appendix 3 shows that as at 30/06/21, 19 audit activities from the 2021/22 audit plan had been completed to at least draft report stage (15%), with an additional 30 audits in progress (23%). As a result approximately 42% of the Audit Plan had either been completed or was in progress.
- 2.13 No moderate audit reports were issued in the quarter.

3. Follow Ups Completed 1 January 2021 to 31 March 2021

- 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 moderate audit follow-ups were undertaken in the quarter. However, the follow-up of the Management of Absence audit has been scheduled to be completed in quarter two. The follow up of the Grand Theatre audit is also scheduled to be completed later in the financial year once the Theatre reopens. However, I would suggest that the committee also invites the Head of Cultural Services back to the committee towards the end of quarter three or early in quarter four to provide and update on the progress made in addressing the issues highlighted in the audit report.

4 Corporate Fraud Function Update

- 4.1 Audit Wales published a report in June 2019 giving an overview of the scale of fraud in the Welsh Public Sector, together with a description of counter-fraud arrangements across the Welsh Government, the NHS and Local Government. A further report was published in July 2020, which was based on a more extensive programme of field work, and identified a range of opportunities to improve on the current national position.
- 4.2 In response to the latest report, an action plan was compiled to address the areas of improvement that had been suggested by Audit Wales. The actions are currently being implemented as shown in the updated action plan that can be found in Appendix 4.

5 Integrated Assessment Implications

- 5.1 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.
- 5.2 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'.
- 5.3 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.
- 5.4 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 Chief Finance & S151 Officer, Legal, Access to Services, Corporate Management Team and Heads of Service.
 - 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.

6. Financial Implications

6.1 There are no financial implications associated with this report.

7. Legal Implications

7.1 There are no legal implications associated with this report.

Background Papers: Internal Audit Plan 2021/22

Appendices: Appendix 1 - Audits Finalised Q1 2021/22

Appendix 2 - Summary of Scope of Audits Finalised Q1 2021/22

Appendix 3 - Internal Audit Plan 2021/22 - Progress to 30/06/21

Appendix 4 - Fraud Function Action Plan Update