



## Report of the Chief Auditor

Governance & Audit Committee – 6 December 2023

### Internal Audit Monitoring Report - Quarter 2 – 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 July 2023 to 30 September 2023.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Legal, Finance, Access to Services.
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<b>For Information</b>	

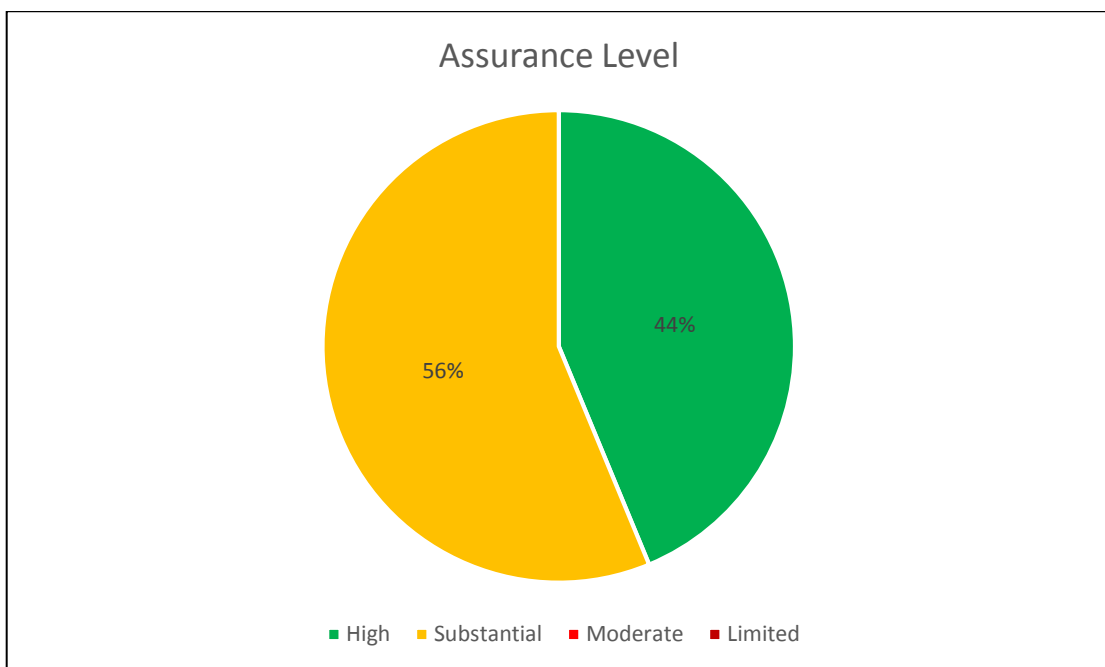
#### 1. Introduction

- 1.1 The Internal Audit Annual Plan 2023/24 was approved by the Governance & Audit Committee on 12 April 2023. This is the second 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 July 2023 to 30 September 2023.

## 2. Audits Finalised 1 July 2023 to 30 September 2023

- 2.1 A total of 16 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	7	9	0	0	16



- 2.3 A total of 95 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	10	63	22	95



- 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 30 September 2023.
- 2.6 As previously reported, staff sickness in the Internal Audit Team has continued to be significant during the second quarter, with a total of 71 days absence recorded. Cumulative sickness absence to the end of quarter two totalled 104 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. In addition, one further part-time member of staff that had been absent due to long-term sickness for over a year left the council due to ill-health capability in late September.
- 2.7 As noted in the previous monitoring report, a Senior Auditor left the team during quarter one. This post was filled by one of the existing auditors and their post was subsequently filled in early September. At the time of compiling this report, the request to advertise the part-time vacant post has been submitted to Human Resources. We hope to be able to commence recruitment for this post as soon as possible. As a result of the vacancies noted above, 52 days were lost in quarter two, with a cumulative total of 62 days being lost in the year to date due to vacancies. Further days will also be lost due to the vacant post in quarter three.
- 2.8 The Internal Audit Annual Plan for 2023/24 contains 116 separate audit activities. As at 30 September 2023, 36 audit activities (31%) had been completed, with one additional activity (1%) substantially complete with the audit report issued as draft. As a result, 37 audit activities have been completed to at least draft report stage (32%). An additional 30 activities

were in progress at the end of the quarter (26%). As a result, approximately 58% 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 30 September 2023 can be found in Appendix 3.

- 2.9 There were no audit reports issued with 'Moderate' or 'Limited' assurance levels in the quarter.

### **3. Additional work undertaken by Internal Audit in the Quarter**

- 3.1 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>
Housing Support Grant	£18,687,841

- 3.2 The team also undertook verification testing on a sample of grant payments issued by the Revenues and Benefits Team relating to the Energy Bill Support Alternative Payment Scheme (£160k paid out in total) and the Alternative Fuel Payment Alternative Funding Scheme (£52k paid out in total). This testing was carried out to confirm that the payments made were in accordance with the UK Government guidance. There were no incorrect payments identified in our testing.

### **4. Follow-Up of Audits with Moderate Assurance Levels Completed 1 July to 30 September 2023**

- 4.1 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.

- 4.2 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.

- 4.3 Three audits with a Moderate assurance level were followed-up in the quarter. The results of the follow-up audits are summarised below:

#### **4.4 Western Bay Adoption Service & Adoption Allowances**

The initial review of the Service was undertaken in July 2022, with the final report being issued in September 2022. The follow-up confirmed that good progress had been made, with only 4 of the 12 recommendations not being fully implemented.

- 4.5 One High Risk and two Low Risk recommendations were found to be partly implemented, and one Medium Risk recommendation had not been implemented. The party implemented Low Risk recommendation related to the approval of Purchase Card payments, where one card holder's payments continued to be approved by Accounts Payable and not by a designated officer within the Service as required. The two remaining partly implemented recommendations related to Travel and Subsistence claims where there was insufficient detail recorded to check that the mileage claimed was accurate, and some instances were noted where in-county journeys had been claimed as out-of-county journeys and vice versa. The management of the Service have subsequently been asked to ensure that all of their staff are reminded of the Council's requirements to ensure these matters are addressed immediately.
- 4.6 The one Medium Risk recommendation that had not been implemented related to procurement, where our testing revealed that purchase orders were continuing to be placed retrospectively after the receipt of invoices from suppliers. A further follow-up review has been scheduled for quarter four of 2023/24.

4.7 Freedom of Information, Subject Access Requests and Environmental Information Regulation Requests

The initial audit of the Service was undertaken in Jan 2022, with the final report being issued in March 2022. The first follow-up review was undertaken in November 2022 and established that whilst some progress had been made in addressing the issues identified, 4 of the 13 recommendations (3 x Medium Risk, 1 x Low Risk) had not been fully implemented.

- 4.8 A second follow-up completed in August 2023 found that 2 of the remaining 4 recommendations had been fully implemented, however 2 Medium Risk recommendations had still not been implemented. The management of the Service have advised that the 2 remaining Medium Risk recommendations are unlikely to be implemented at present due to the lack of resources, and that ownership of both recommendations lie with the whole Council. As a result, this non-compliance has been recorded in the Council's Corporate Risk Register and has also been outlined in the Data Protection Officer's annual report for 2022/23. Both of the recommendations relate to responding to requests from the public within the 20-day timeframe required and addressing the backlog of requests.

- 4.9 The narrative from the Data Protection Officer's Annual Report in relation to the points above is noted below for information:  
*'Medium risk of the number of overdue information requests leading to an ICO practice recommendation. (Likelihood: Medium; Impact: Low) Mitigations in place include a network of FOI officers with central advice and co-ordination from the IGU. The authority is also in the process of purchasing software to control the workflow process for information*

requests. Where the ICO has reached a view that the handling of requests by a public authority does not conform to the Freedom of Information Code of Practice, a Practice Recommendation may be served under section 48(1) of the FOIA, in which the Commissioner outlines the steps that he thinks ought to be taken by the Council. Failure to comply with this recommendation may lead to an enforcement notice issued under section 52 of the Act, which has legal force.’

These areas will be monitored by the Information Governance Board, and we will revisit these as part of the next full audit review.

#### 4.10 Rechargeable Works

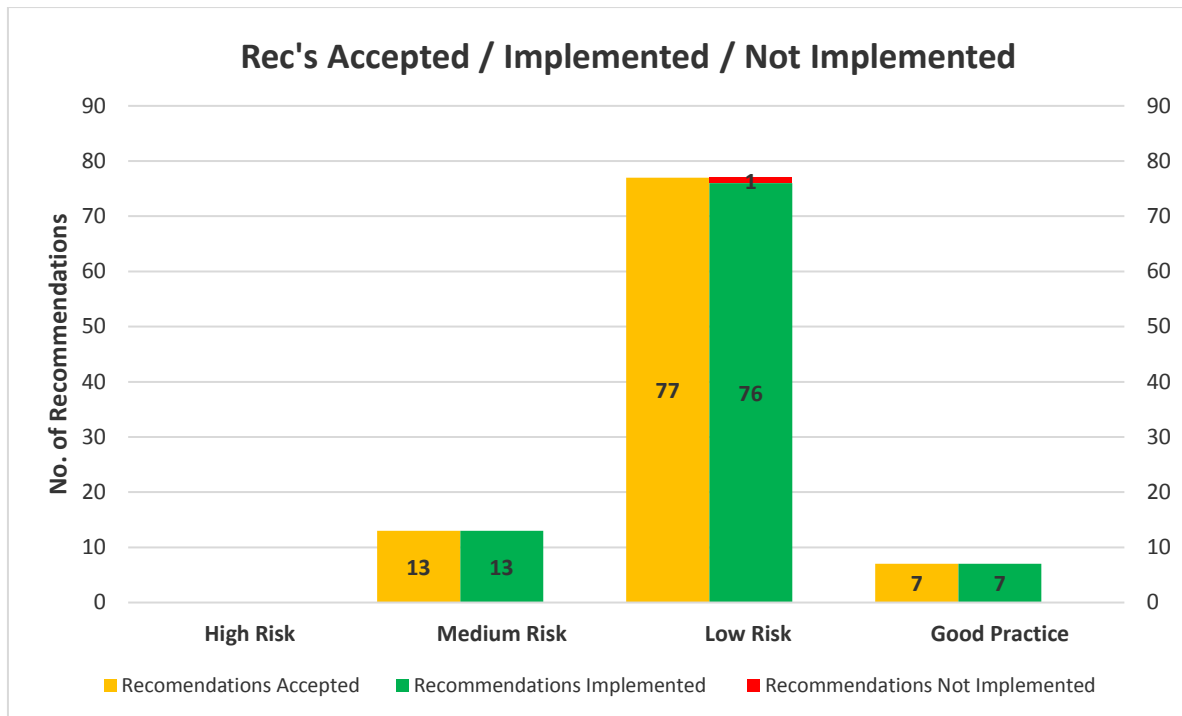
The initial review of the Service was undertaken in August 2022, with the final report being issued in September 2022. The follow-up confirmed that good progress had been made, with 3 of the 4 recommendations (1 x Medium Risk, 1 x Low Risk and 1 x Good Practice) being confirmed as fully implemented.

- 4.11 However, our testing identified that one High Risk recommendation had not been implemented. This related to the monitoring of the 60-day unpaid invoices report and the non-pursual of outstanding payments. As a result, a further follow-up has been scheduled for quarter 4 of 2023/24 to confirm that this recommendation has been implemented.

### 5. **Follow-Up of Audits with High and Substantial Assurance Levels Completed 1 July to 30 September 2023**

- 5.1 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.
- 5.2 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	13	77	7
Implemented	0	13	76	7
Not Implemented	0	0	1	0



## 6. Integrated Assessment Implications

6.1 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.

6.2 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'.

- 6.3 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.
- 6.4 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.

## **7. Financial Implications**

- 7.1 There are no financial implications associated with this report.

## **8. Legal Implications**

- 8.1 There are no legal implications associated with this report.

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

#### **Appendices:**

Appendix 1 - Audits Finalised Q2 2023/24

Appendix 2 - Summary of Scope of Audits Finalised Q2 2023/24

Appendix 3 - Internal Audit Plan 2023/24 - Progress to 30/09/23

Appendix 4 - High/Substantial Audit Follow-Up Results Q2

Appendix 5 - High/Substantial Audit Follow-Up Results Q2 Recommendations Not Implemented

Appendix 6 - Integrated Impact Assessment