



## Report of the Chief Auditor

Governance & Audit Committee – 8 February 2022

### Internal Audit Annual Plan 2021/22 Monitoring Report for the Period 1 October 2021 to 31 December 2021

|                                    |  |
|------------------------------------|--|
| <b>Purpose:</b>                    | This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October 2021 to 31 December 2021. |
| <b>Policy Framework:</b>           | None.  |
| <b>Consultation:</b>               | Legal, Finance, Access to Services.  |
| <b>Report Author:</b>              | Simon Cockings   |
| <b>Finance Officer:</b>            | Ben Smith  |
| <b>Legal Officer:</b>              | Debbie Smith   |
| <b>Access to Services Officer:</b> | Rhian Millar   |
| <b>For Information</b>             |  |

#### 1. Introduction

- 1.1 The Internal Audit Annual Plan 2021/22 was approved by the Governance & Audit Committee on 9<sup>th</sup> March 2021. 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<sup>st</sup> October 2021 to 31<sup>st</sup> December 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 second quarter.

**2. Audits Finalised 1 October 2021 to 31 December 2021**

- 2.1 A total of 20 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                 | 9           | 11                 | 0               | 0              |

- 2.3 A total of 105 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

| <b>High Risk</b> | <b>Medium Risk</b> | <b>Low Risk</b> | <b>Good Practice</b> | <b>Total</b> |
|------------------|--------------------|-----------------|----------------------|--------------|
| 0                | 20                 | 61              | 24                   | 105          |

- 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     |
|---|------------|
| Pupil Development Grant 2020/21   | £8,825,756 |
| Regional Consortia School Improvement Grant (RCSIG) 2020/21   | £9,726,667 |
| Exploring IoT Networks & Use Cases to Improve Public Services Discovery Project (Internal Assurance Review) | £20,000    |

- 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 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 9<sup>th</sup> March 2021 and identifies the position of each audit as at 31<sup>st</sup> December 2021.
- 2.8 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.
- 2.9 It must continue to be acknowledged that the measures introduced across the Council in response to the pandemic continue 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.
- 2.10 However, with the success of the Covid-19 vaccination programme and 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.
- 2.11 An analysis of the details in Appendix 3 shows that as at 31/12/21, 65 audit activities from the 2021/22 audit plan had been completed to at least draft report stage (50%), with an additional 25 audits in progress (19%). As a result approximately 69% of the Audit Plan had either been completed or was in progress.
- 2.12 No moderate reports were issued in the quarter.

### **3. Follow Ups Completed 1 October 2021 to 31 December 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. The follow-up of the Management of Absence audit had been scheduled to be completed in quarter two. However, following the update from the Head of Service Centre at the September Committee meeting and due to ongoing staffing pressures within the department, we have rescheduled the follow up to be completed in quarter four. This will also tie in with the further update to the committee from the Service Centre Manager in February 2022.

#### **4 Integrated Assessment Implications**

- 4.1 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.
- 4.2 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'.
- 4.3 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.

4.4 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 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.

## **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 2021/22

**Appendices:** Appendix 1 - Audits Finalised Q3 2021/22

Appendix 2 - Summary of Scope of Audits Finalised Q3 2021/22

Appendix 3 - Internal Audit Plan 2021/22 - Progress to 31/12/21